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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,442

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British Telecom plans world's biggest share sale, Page 14

NEWS SUMMARY

GENERAL

Moscow 'ready for dialogue' with U.S.

Soviet Foreign Minister Andrei Gromyko said Moscow was prepared to continue an "honest, open dialogue" with Washington on curbing nuclear arms, if the U.S. showed a "genuine interest" in limiting the arms race.

Mr. Gromyko, speaking at the 35th anniversary celebrations in East Germany, his first speech since he met President Ronald Reagan last month: He said that time would tell if Washington was prepared to make any positive changes in its policies.

The U.S. had reacted negatively to Moscow's proposals to begin negotiations on preventing nuclear warfare in outer space. It was trying to "conceal with all means" its refusal to ban such weapons.

Andreotti rebuttal

Italian Foreign Minister Carlo Azeglio Napolitano said he had not aided Michel Sindona, the convicted Sicilian financier extradited from the U.S. to Italy to face charges of conspiracy to murder, extortion and fraudulent bankruptcy.

Gas injuries

Ninety people were treated in hospitals after a yellow cloud of hydrogen sulphide gas leaked from a storage tank and spread across 50 sq km of New Jersey and the neighbouring New York borough of Staten Island.

Pakistan clash

Troops sealed off slum areas in Karachi to curb Moslem sectarian clashes in which at least five people were reported killed and about 500 injured.

India clashes

Cardiacs were killed in central Indian towns after a wave of sectarian clashes in which six people were killed and more than 28 injured.

S. Africa unrest

Police used whips to disperse stone-throwing youths in the South African black township of Lenasia, near Port Elizabeth, as soldiers joined in quelling unrest.

Mozambique denial

The rebel Mozambique National Resistance group denied that its anti-government guerrillas killed two Italian technicians who disappeared in the southern Mozambique last month.

Malta strike call

Malta's Confederation of Trade Unions has called for a nationwide strike on Wednesday to protest against the government lock-out of teachers.

Philippines protest

Philippines business leaders were among 25,000 marchers protesting against the rule of President Ferdinand Marcos.

Liberia release

Liberian Head of State Samuel Doe ordered the release of 16 people detained in August in connection with an alleged plot to overthrow him.

Sagace wins Arc

Sagace, ridden by Yves Saint-Martin, trained by Patrick Biancone and owned by millionaire art dealer Daniel Wildenstein, won the Prix de l'Arc de Triomphe at Longchamp.

Whale of a catch

A Soviet fishing expedition from Murmansk netted in the Barents Sea two whales, a white bear and her cub, freeing them with great difficulty.

BUSINESS

France, UK bid for \$5bn order

French and British telecommunications companies mounted rival bids for a U.S. army contract worth more than \$5bn.

EMS-OCT 5, 1984

Grid and ECU charts showing market movements.

Term last week

The dollar was a little weaker against the D-Mark, but the latter showed no appreciable change in terms of other member currencies.

TOKYO stocks

TOKYO stocks suffered on Saturday from profit-taking in banks, securities houses and non-life insurance issues.

LIBYA to maintain its 13.8 per cent

LIBYA is to maintain its 13.8 per cent entitlement in the group's planned rights issue, designed to raise about £160bn (\$402m).

BRITISH TELECOM share flotation

BRITISH TELECOM share flotation is expected to raise £2.5bn (\$4.24bn), a world record.

GULF & WESTERN

GULF & WESTERN, the New York conglomerate, has agreed in principle to sell its sugar operations in Florida and the Dominican Republic to investors headed by Cuban American brothers, Alfonso and Jose Fañjul.

MITEC CORP.

MITEC CORP., the Canadian telecommunications equipment manufacturer, reported that losses rose to \$310.1m (\$7.6m) in the three months to August 31, from \$235m.

SEMICONDUCTOR makers

SEMICONDUCTOR makers in the U.S. fear that sharp price cuts by a new rival, Idaho-based Micron Technology, could allow imports of low-priced Japanese memory chips and upset the market balance.

The Financial Times

The Financial Times apologises to readers who may not have received the Saturday edition, printed in London, because of industrial action by members of the National Graphical Association in the machine room.

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Congress shuns new trade curbs in final package

BY STEWART FLEMING IN WASHINGTON

NEW TRADE legislation, which will extend tariff-free entry into the U.S. of goods from developing countries and allow President Ronald Reagan to negotiate a free trade agreement with Israel, is expected to be approved by Congress tomorrow.

A conference committee of the House of Representatives and the Senate announced on Friday evening that after two weeks of hectic activity an accord had been reached on the package of trade measures.

The terms of the conference pact were promptly welcomed by the Reagan Administration and diplomatic trade officials in Washington. Many of the protectionist clauses in the legislation, which Administration officials had warned could lead to a presidential veto if they were not removed, were ultimately dropped from the trade package, while what are described as "pro-trade initiatives" were retained.

Among the major provisions of the Bill - which will be sent to President Reagan if, as expected, Congress approves the conference committee compromise - are an 8 1/2-year extension on the generalised system of preferences (GSP) which allows developing countries to sell a range of manufactured and semi-processed agricultural goods, tariff free in the U.S.

Efforts in Congress to limit the number of developing countries entitled to tariff-free privileges, for example by eliminating Hong Kong, Taiwan and South Korea from the list of nations entitled to duty-free status, were defeated. The legislation does, however, give the U.S. the right to "graduate" richer developing countries out of arrangement when their per capita income reaches the equivalent of \$8,500 a year. This is well above current developing country income levels.

The right to negotiate a free trade agreement with Israel and proposals which would allow the U.S. to press for easier access into foreign markets for U.S. goods and more favourable treatment for U.S. capital investment abroad were also approved.

While welcoming the fact that these proposals had been sanctioned, Administration officials also claimed to be "thrilled" that Congress had rejected a series of protectionist initiatives. Some foreign governments and the EEC had threatened retaliation against U.S. exports if certain protectionist moves were ratified.

Among the major changes which were made before the conference committee report was finalised were a modification of the Wine Equity Bill, which had sought to give U.S. wine producers greater freedom to attack alleged unfair imports, particularly from the EEC. The new proposals will give only U.S. grape growers who produce for the wine industry the right to bring unfair trade cases against wine imports. They will have only two years in which to pursue a case which violates the underlying principles of the General Agreement on Tariffs and Trade (GATT).

Also dropped from the legislation were proposals to impose special duties on ferroalloy imports to allow unfair trade actions to be brought against countries which

Continued on Page 16

Mediators renew efforts to end UK miners' strike

BY PHILIP BASSETT AND JOHN LLOYD IN LONDON

NEW PROPOSALS to end Britain's 30-week-old coal miners' strike will be put today to the National Coal Board (NCB) in talks with Acas, the Government-backed conciliation service, with the prospect drawing nearer of negotiations covering all parties in the dispute which might bring a settlement.

Details of the proposals, which have been examined in a series of separate discussions between Acas, the National Union of Mineworkers (NUM), and the two other mining unions, have not been publicly disclosed - but they do centre on the idea of third-party arbitration being put forward by Nacods, the pit supervisors' union.

Coal sources said yesterday that the proposals involved the withdrawal of all attempts by the NCB to find a form of words on the closure of allegedly uneconomic pits - phrases such as "beneficial" - from a disputed clause of an otherwise agreed draft agreement between the board and the NUM.

Instead, the NUM would undertake to consider all proposals by the board for pit closures on a pragmatic, case-by-case basis, under the 1977 document "Coal to the Year 2000" - the NUM's preferred version of the Plan for Coal, which was a strategy for the industry's future agreed jointly by the union and the board.

The advantage of the proposal for the NUM is that it would not require Mr Arthur Scargill, its president, and the union to sign an agreement which would allow supposedly uneconomic pits to be closed.

For the NCB, though, the case-by-case examination would allow it to bring to bear all its arguments about individual, heavily loss-making pits and the impact of market forces upon a pit's recoverable reserves.

All three mining unions, which have considered this proposal, have indicated their willingness that it should be pursued further in talks with Acas. Resumed talks yesterday in Doncaster, South Yorkshire, between the NCB and Nacods ended with an agreement between the two sides that Acas should carry on looking at the ways to find a settlement.

The outcome of today's talks between Acas and the NCB could, therefore, be crucial. If the board indicates a willingness to examine this or any other ideas, it could lead to a resumption of joint talks under the eyes of Acas, which might then include Nacods and the British Association of Colliery Management.

Senior Trades Union Congress (TUC) officials are among those urging Nacods to keep up pressure on the board through its strike threat, backed by an 82.5 per cent membership ballot vote in favour, because the prospect of such an impact on coal production seems to be increasing the NCB's willingness to talk.

To help to maintain this, Nacods will be holding its executive committee in full session from 10am this morning, two hours before the board is due to meet Acas.

Continued on Page 16

Spanish union and employers conclude two-year wage pact

BY TOM BURNS IN MADRID

THE NATIONAL Executive of the Union General de Trabajadores (UGT), the largest Spanish trade union, which is affiliated to the ruling Socialist Party, has agreed after a tense round of high-level meetings to a so-called social and economic pact with the Government and the employers' confederation which will govern labour relations and salaries for the next two years.

Talks had been close to breaking point at the end of last week, mainly because of a clause in the agreement dealing with the hiring and firing of employees.

Sr Felipe Gonzalez, the Prime Minister, had a late-night negotiating session with Sr Nicolas Redondo, the UGT leader, and with Sr José Cuevas, the employers' confederation chairman, which broke the deadlock with agreement on a vague version of the controversial hiring and firing clause. The clause will be subjected to further negotiations within the next six months.

Key concessions gained by the employers include a reduction in social security payments and a series of tax incentives for investment.

The UGT, for its part, has gained a government undertaking to increase unemployment benefits to the point where they will cover 43 per cent of the registered jobless in 1985 and 48 per cent in 1986, against a current coverage of 25 per cent of the unemployed.

The hiring and firing clause that caused the virtual breakdown of the talks was couched in what one administration official termed "a jargon of semantics," which allowed employers and the UGT alike to claim that their claims had been met.

The agreement, which has yet to be made public, allegedly refers to EEC legislation on dismissals, but the details of its application to the rigid Spanish rulings on security of employment have been referred to an employer-union commission.

UK plans only two bodies to regulate markets

By Peter Riddell in London

BRITAIN is likely to create only two self-regulatory authorities to supervise its financial markets - one to cover the securities industry and another the insurance sector.

The Department of Trade and Industry (DTI) has opted for the minimum number of self-regulatory authorities which, with statutory backing, will set out and oversee codes of conduct for existing British financial associations.

This reflects the preference of ministers in Britain's Conservative Government for simplicity and flexibility. Proposals for a statutory backed intermediary body between the markets and the Government have therefore been rejected because of ministers' fears about creating a cumbersome British version of the U.S. Securities and Exchange Commission.

Apart from the decision against an intermediary body, the most significant development is the reduction in the number of self-regulatory authorities, or agencies, to two from the 14 suggested by Prof Jim Gower in his report on investor protection earlier this year.

Mr Alex Fletcher, Under-Secretary for Corporate and Consumer Affairs, has argued publicly in favour of a small number of authorities along functional lines rather than the professional lines suggested by Prof Gower.

Mr Norman Tebbit, the Trade and Industry Secretary, and the Bank of England have both agreed on the need for a simple structure with few self-regulatory authorities. The two suggested bodies will primarily be concerned with marketing and the protection of investors. The Government will set guidelines for the authorities to supervise rule books of constituent bodies.

The securities authority will oversee the registration of dealers, brokers and investment advisers, though, there will be appeal procedures to prevent restraints on entry and competition.

The insurance authority will deal with the licensing of sales representatives and control of commissions paid to intermediaries. Authorisation of companies offering insurance policies and controls over advertising are already supervised by the DTI under existing legislation.

The insurance body will also encompass the unit trust industry in view of the close similarities in marketing.

Detailed proposals have yet to be approved by the relevant Cabinet committee, but Mr Tebbit hopes to make a speech later this month ending the current uncertainty.

Continued on Page 16

Dutch caught out over EEC fish quotas

BY NO DAWNAY IN BRUSSELS

THE DUTCH fishing industry is operating a substantial "grey market," ignoring stringent EEC quotas on the size of catches allowed to the Netherlands each year under the Common Fisheries Policy (CFP).

Furthermore according to highly confidential documents leaked to Brussels at the weekend, the illegal catches are apparently being sold and marketed with the full knowledge of the Dutch fisheries inspectorate and the Government, in direct contravention of their obligations under Community law to police the CFP.

Despite discovery of the covert trade by European Commission fisheries officials in April, the Dutch authorities have so far failed to take any action to outlaw the practice.

Letters sent in June to the Netherlands' official representation to the EEC, demanding their compliance, received replies only this month. The Commission is now planning legal action.

A Dutch official in Brussels said yesterday that the Netherlands had replied to the Commission's letter after the October 1 deadline requested. He said that he "could not completely deny" allegations that government officials and inspectors had been aware of the "grey market," but attempts to stamp out the practice were now being planned.

Revelation of the fisheries fraud is certain to provoke a storm of protest from other member states. The CFP was finally agreed earlier this year after almost seven years of negotiations and substantial reductions in many national fishing fleets.

It will also come as an embarrassment to the Netherlands, which has long enjoyed a reputation as one of the most Community-conscious and rigorously honest member states in its dealings with the EEC.

The "grey market," as it has been dubbed by the Commission, has been created by double-book keeping at the dockside auctions where the fish are sold. Under Community rules all fish landed must be attributed to the boat that caught them and the totals sent to Brussels.

At one auction in IJmuiden, Commission fishing inspectors noted that the auction administration, supervised by the Ministry of Transport, was issuing two sales notes - one "official" for reporting to Brussels, the other "grey" which disguised the origin of the catch.

The quantities of fish illegally landed are unknown, but the evidence suggests the figures may be substantial. At an auction in Scheveningen in April, an EEC inspector noted that only 1,000 kilos of a valuable sole catch was officially registered while 2,500 kilos were sold on the "grey market."

The inspector said that division of the catch was conducted in front of the Dutch inspectors, who were also on hand when a frank explanation of the quota-dodging system was given.

The Brussels fisheries division has decided that prosecution of the Netherlands should go ahead to make clear to the Dutch that the practice will no longer be tolerated.

"Such a belief," the report concludes, "would, for example, permit Dutch fishermen to continue to invest in vessels with larger capacities, making retrenchment all the more difficult when it eventually becomes unavoidable."

The revelations follow closely on evidence of another substantial overcatch by Dutch fishermen. A Dutch fishing inspectorate investigation, ordered by the Commission, has shown that in the first four months of this year over 90,000 kilos of mackerel were landed while only 27,500 kilos were officially declared - substantially under the Dutch quota.

Despite this admission by Netherlands officials, nothing appears to have been done to correct the catch reports submitted to Brussels. The Commission concludes: "The Dutch attitude to the infringement has consistently been evasive and delaying. There seems to be lack of political will in seriously enforce the quotas."

The latest evidence suggests that the Netherlands is now exceeding its quotas for all eight principal species covered by the CFP.

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OVERSEAS NEWS

Andreotti denies he aided Sicilian financier

BY ALAN FRIEDMAN IN MILAN
 SIG GIULIO ANDREOTTI, Italy's Foreign Minister, yesterday denied allegations that he had ever aided Sig Michele Sindona, the Sicilian financier. Sig Sindona was last week extradited from the U.S. to Italy to face charges of conspiracy to murder, extortion and fraudulent bankruptcy. Sig Sindona is already serving a U.S. prison sentence for offences related to the collapse of his U.S. bank.
 On Thursday night the Chamber of Deputies rejected a motion calling for Sig Andreotti to resign because of suggestions about his alleged assistance to Sig Sindona. The motion was defeated by 199 to 101 and did not pass because 194 Communist deputies abstained. Over the weekend, however, the Communist Party changed its tactics and is now calling for Sig Andreotti to resign.
 Sig Bettino Craxi, the Prime Minister, is doing his best to stay out of the political fray, leaving the defence of the veteran Sig Andreotti to the Christian Democrats, Sig Andreotti's party.
 Sig Andreotti defended himself yesterday in a lengthy front page article he wrote for Il Tempo newspaper. He declared that Sig Sindona had "never asked me for favours." He added that the campaign against him might be inspired by those forces wishing to prevent him from being considered as a contender for Italy's presidency, or by those who do not like his foreign policy. The presidential election is next year.
 The allegations against Sig Andreotti, made initially by the tiny Radical Party but now being given national prominence, are that Sig Andreotti in 1974 tried to help Sig Sindona when the latter's banking empire was collapsing.
 According to Milan judges Sig Andreotti may be called to testify next spring at the Sindona trial. The judges say that if asked to appear, Sig Andreotti might be able to re-construct some of the events relating to Sig Sindona's fortunes in the 1970s.

Nato 'would welcome' stronger European defence identity

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON
 THE CREATION of a European defence identity would be a means of strengthening the defence of the North Atlantic Treaty Organisation as a whole and would be welcome. Lord Carrington, Nato's Secretary General said last night.
 Lord Carrington said he welcomed the forthcoming meeting of the Western European Union, which groups seven of Nato's 14 European members, including Britain, France and West Germany.
 The meeting will involve both foreign and defence ministers of the seven in Rome at the end of this month. The ministers will examine ways of relaunching the WEU, formed in the 1950s, as a forum for improving European defence co-operation.
 Lord Carrington said his only reservation about such a move was that the U.S. should not see it as an attempt by Europe to "de-couple" Europe from the U.S. Provided the U.S. was not suspicious about the motives behind a relaunched WEU, the move would be "an excellent thing".
 Lord Carrington said a greater focus on Europe could help the electorates of individual nations more to accept more readily necessary expenditure on defence.

SA activists await court judgment

By Anthony Robinson in Johannesburg
 THE FATE of the three anti-apartheid activists left in the British consulate in Durban after the re-arrest on Saturday of three men who left the building hinges on today's expected judgment by the Pietermaritzburg Supreme Court.
 The full bench is due to announce its judgment on an application by the six men's lawyers for the setting aside of re-arrestation orders served on them under section 28 of the Internal Security Act, which provides for detention without trial.
 If the court finds in their favour the three men are expected to leave the consulate voluntarily. But they are expected to stay if the judgment confirms the validity of the orders signed by Mr Louis le Grange, Minister for Law and Order, shortly after their release on a technically nearly a month.

Pan Am to shed 900 more jobs and close down some centres

BY WILLIAM HALL IN NEW YORK
 PAN AMERICAN World Airways, the big U.S. airline which has lost some \$850m over the last three years, is making 900 of its U.S. staff redundant and closing three of its nine reservation centres in the country to cut costs.
 The airline, which came near to bankruptcy in 1982, said the layoffs - equivalent to just under 4 per cent of the domestic workforce - "reflect the downsizing the airline has gone through over the past several months." The number of seat miles flown by Pan Am, a good proxy for capacity, is 6 per cent down on a year ago.
 The biggest staff cuts are centred in Chicago and New Orleans, where Pan Am is closing two large reservation centres. The airline is also closing its Hawaii reservation centre, employing 35 staff, and making cuts in ground staff and management personnel. Pan Am employs 27,400 staff worldwide, of which 23,000 are based in the U.S.
 The airline which recently signed a \$1bn order with Airbus Industrie, the European consortium, to modernise its ageing fleet has been bedevilled by cost difficulties and its survival is due largely to the \$325m in wage concessions granted by its workforce in recent years.
 The company faces key wage negotiations over the next few months and Wall Street analysts say the outcome of the negotiations will be critical to the company's long-term future. Pan Am said the latest cuts were in no way connected with the forthcoming wage negotiations.

Meanwhile troops appear to have been used for the first time in support of police engaged in anti-riot duties over the weekend in the black township of Jozza close to Fort Elizabeth.
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FINAL NOTICE!!!
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This is neither an offer to exchange or sell nor a solicitation of an offer to buy or exchange any security. The Offer is made only by the Prospectus dated August 20, 1984 and the related Letters of Transmittal. The Offer is not being made to, nor will orders be accepted from, holders of these securities in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities laws of such jurisdiction.

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MGF International Finance N.V.'s
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MGF Oil Corporation ("MGF") hereby offers upon the terms and subject to the conditions set forth in the Prospectus dated August 20, 1984, as supplemented, and in the accompanying Letters of Transmittal which together constitute the "Offer" to exchange 1,532,150 shares of its Senior Convertible Preferred Stock, par value \$1.00 per share ("Preferred Stock"), and 34,327,590 shares of its Common Stock, par value \$0.01 per share ("Common Stock"), for any and all of the 0% and 8 3/4% Debentures (collectively, the "Old Securities") as follows: (i) for each \$1,000 principal amount of 0% Debentures (which must include a Class A and Class B 0% Debenture), 44 shares of Preferred Stock and 986 shares of Common Stock; and (ii) for each \$1,000 principal amount of 8 3/4% Debentures, 44 shares of Preferred Stock and 986 shares of Common Stock. All accrued and unpaid interest will be cancelled with respect to tendered and accepted Old Securities.
 The Preferred Stock will be convertible into shares of Common Stock at the following rates: (i) through October 1, 1989, 8 shares of Common Stock for each share of Preferred Stock; (ii) October 2, 1989 through October 1, 1994, 10.8 shares of Common Stock for each share of Preferred Stock; and (iii) after October 1, 1994, 16 shares of Common Stock for each share of Preferred Stock. Holders of Preferred Stock will be entitled to receive cumulative dividends, accruing from July 1, 1987, at the annual rate of 5.15 per share, and no more, payable in cash or shares of Common Stock, at MGF's option. The Preferred Stock will be nonvoting as to most corporate matters, will provide for a preferred cash payment in the event of MGF's liquidation and will be redeemable on and after January 1, 1986.
 The Offer will expire at 3:00 P.M., New York City Time, on October 17, 1984 and will not be extended.
 All tenders of Old Securities will be irrevocable if accepted by MGF prior to 6:00 P.M., New York City Time, on October 17, 1984. The purpose of the Offer is to eliminate \$34,815,000 aggregate principal amount of Old Securities and \$130,055,500 of other indebtedness of MGF and to reduce MGF's secured bank indebtedness by \$29,578,223. MGF believes that following consummation of the Offer, it will be able to remain a viable entity without the need for bankruptcy court protection and (ii) discharge its remaining debt obligations in the ordinary course of business.

One of the conditions precedent to consummation of the Offer is that 95% aggregate principal amount of each class of Old Securities must be tendered in the Offer. If the Offer is not consummated, MGF will not have sufficient cash flow to pay its debt obligations as they mature and will seek protection from its creditors by filing a petition for reorganization pursuant to Chapter 11 of the United States Bankruptcy Code. If a Chapter 11 filing occurs, MGF currently intends to present as its plan of reorganization a plan substantially identical to the restructuring plan set forth in the Prospectus.

THE INFORMATION STATED HEREIN INCORPORATES BY REFERENCE, AND IS QUALIFIED IN ITS ENTIRETY BY, THE DOCUMENTS CONSTITUTING THE OFFER.
 The Certificate of Incorporation of MGF and a legal notice relating to the Offer have been filed with the Chief Registrar of the District Court of Luxembourg, where copies may be obtained upon request.
 Officers with questions concerning the Offer may contact W. Phillip Marcum or Bobby W. Page of MGF by collect telephone call to (915) 685-9700, telex 743-472.
 In order to obtain promptly, at the expense of MGF, the documents constituting the Offer, contact:

By Mail or by Hand
 Banque International à Luxembourg, S.A.
 Two Boulevard Royal
 Luxembourg
 Attention: Daniel Schammo or Gilles Reiter
 Facsimile
 Telephone: 352-4791354
 Telex: 3626
 Telecopier: 352-27913
 Attention: Daniel Schammo or Gilles Reiter

Swedish economic recovery forecast to falter next year

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM
 THE STRONG export-led growth in the Swedish economy over the last two years is expected to slow to only 2 per cent at an annual rate in 1985, according to the country's National Institute of Economic Research.
 Higher costs and higher inflation will slowly undermine Sweden's competitiveness in foreign markets as the benefits of the 1981-82 devaluations are eroded, a report by the institute states. The economy is likely to grow about 3 per cent in real terms this year.
 The institute makes clear that Sweden's inflation rate, which is still running well above that of its main competitors such as West Germany, will still be as high as 6 per cent by the end of 1984 compared with the government target of 4 per cent.
 It expects wage costs to rise by 7 per cent in 1985 compared with the government's goal of 5 per cent, giving a rise in inflation of at least 4.5 per cent.
 An even more pessimistic outlook is given by the latest forecast from Svenska Handelsbanken, the country's second largest bank, which indicates a jump of 8.5 per cent in wage costs and a slowing in the volume of exports to only 3 per cent compared with 7 per cent this year and 11.5 per cent in 1983.
 Handelsbanken says that the two devaluations have only given temporary relief to the Swedish economy. "Current trends indicate that we are on the way to new crises," says the report which will give rise to concern in the government as it approaches next year's election.

Iceland airport blockade eased

PICKETS TAKING part in a public sector strike in Iceland eased their blockade of the country's only international airport last night and state radio resumed newscasts for the first time in a week. Reuter reports from Reykjavik.
 Workers blocking the airport gates as part of the strike, launched on Thursday by the 17,000-strong public sector unions against the Right-wing government's economic policies, agreed to allow through passengers from incoming flights.



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 Head Office 29 Boulevard Haussmann-75009 Paris

OVERSEAS NEWS

Filipino businessmen demonstrate against Marcos government

BY EMILIA TAGAZA IN MANILA

PHILIPPINE businessmen and commercial creditors for a recovery programme is aimed principally at helping businessmen and that they would be working against the best interest if they destabilise the government through demonstrations, he said.

Banks face dilemma over loans to Peru

By Peter Montagnon, Euromarkets Correspondent

PERU'S creditor banks face an agonising choice over a plan for them to disburse \$100m in loans arranged last year, in spite of the fact that the government of President Fernando Belaunde Terry is in breach of its International Monetary Fund Economic targets.

Israel is asking the U.S. for help out of an economic crisis. David Lennon reports Peres puts faith in his powers of persuasion

MR SHIMON PERES, the Israeli Prime Minister, insists that he is not flying into Washington today cap in hand to beg for a cash hand-out to rescue Israel from its self-inflicted economic woes.

But there is little doubt that ways to help Israel out of its economic crisis will be at the top of the agenda in his meeting with President Ronald Reagan and even more so in his meetings with Mr Geopha Shultz, the Secretary of State who has taken a personal interest in the Israeli economy.

and expanding the peace process to include Jordan will all be secondary.

It will take all of Mr Peres' persuasive powers to convince his hosts that the steps taken by his government in its first three weeks in office constitute a sound basis for the economic reform programme which his government wants to implement.

Mr Shultz and others will have much ammunition at their disposal to question the adequacy and the efficacy of the government's economic measures. This has been provided by members of Mr Peres' own Cabinet, who have openly expressed their disappointment at what has been achieved so far.

When the multi-party coalition was formed after weeks of haggling, everyone expected it to move rapidly to implement a comprehensive economic reform policy.

A key element in any recovery programme has to be a curb on Israel's rampant inflation. It was running at an

annual level of 400 per cent until the latest economic measures were imposed and these are expected to push it up to 800 per cent.

Mr Yitzhak Modai, the Finance Minister, admitted last week that this is inevitable. He expects the monthly inflation rate to exceed 20 per cent for each of the next three months.

After that his measures will begin to force inflation down, he hopes.

Israel's Defence Minister, Mr Yitzhak Rabin is considering replacing Israeli military commanders in charge of civilian affairs in the occupied West Bank and Gaza Strip with local Palestinian mayors, Israel State Radio said yesterday. Reuter reports from Tel Aviv.

The radio report said Mr Rabin made the remark at a meeting with an Israeli-Arab parliamentarian seeking better conditions for 1.5m Palestinians who have lived under Israeli rule since Israel occupied the territories in 1967.

Israel has been unable to halt this drain by borrowing from the international banks, which refuse to increase their lending. Mr Peres will be seeking U.S. assistance in this sphere.

The measures which have been taken by the Government so far are regarded by many people as inadequate. The measures taken include subsidy cuts, re-introducing high school fees, taxing children's allowances, halving the foreign currency allowance for travellers and import restrictions.

Some American economists have described the measures taken so far as "shooting from the hip," meaning that they are hasty reactions to the situation rather than a well-thought out and comprehensive policy.

Mr Gideon Palti, the Minister of Science and Development, admits: "We have an immediate problem, but we are not behaving as though this was the case. We are improvising, here and there, some economic steps. I don't think that even as persuasive a person as Shimon Peres can explain that thus we have lightened the belt and that we have taken upon ourselves the burden of curbing the economy."

Arrests follow Indonesian bomb attacks on Chinese

BY CHRIS SHERWELL, SOUTH EAST ASIA CORRESPONDENT

INDONESIAN police say they have arrested several people following last Thursday's bomb attacks on Chinese-owned businesses, which left two dead and 16 injured in the capital, Jakarta.

Conditions for British EMS entry 'better than ever'

BY ALEXANDER NICOLL IN LONDON

THE CONDITIONS for British entry into the European Monetary System are better than at any time in the system's 5 1/2-year life, argues a report by two UK economists.

Mr Geoffrey Dennis, senior economist at London stockbrokers W. Greenwell, and Mr Joseph Nellis, a lecturer at Cranfield School of Management, writing in the quarterly Lloyds Bank Review, note a "remarkable" ability of successive

Chile threatens legal action against unions

By Mary Helen Spooner in Santiago

CHILE'S Interior Minister, Sr Sergio Jarpa warned that legal action would be taken against the opposition trade unions who called for a general strike against General Pinochet's regime on October 30.

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Malaysia supports currency

BY WONG SIAO IN KUALA LUMPUR

Malaysia's Prime Minister, yesterday squashed fears of a Malaysian devaluation, following strong pressure against the ringgit last Friday.

Civilian courts to try military

ARGENTINA'S FEDERAL Appeals Court has announced that the nine members of the three former juntas will now be tried by civilian courts but that other middle and junior ranking officers should continue to come under the jurisdiction of military courts.

THE U.S.A. is the world's most competitive market for micros. Which leading European computer company achieved most of its turnover there last year? 7A TRIUMPH ADLER. 7A - World Leaders in Office Communication. For the answers to your business computing questions ring Kate Myles at Triumph Adler on 01-250 1717.

The strong pressure of the currency began on Friday when the ringgit fell more than 10 per cent below the Singapore dollar, and this sparked off fears of an impending devaluation. Traditionally, the Malaysian central bank had intervened to ensure the ringgit never breached that level.

However, the central bank intervened to sell U.S. dollars, and buy ringgit which closed at 2.57 compared with Thursday's 2.57.

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WORLD TRADE NEWS

Bridget Bloom reviews efforts by France and the UK to win a £4bn U.S. army deal
Bids for a battlefield system make history

WHEN A LARCE truck drove up to a U.S. Army building in Fort Monmouth, New Jersey, last week to deliver several hundredweight of documents, history was in the making. The truck was depositing one of two rival bids for a £4bn U.S. army contract. Heading the two bids are U.S. companies, but the equipment they are offering is respectively British and French.

Plessey of the UK and Thomson CSF of France, the main European companies concerned, believe this is the biggest telecommunications contract bid they have ever made. Certainly, it seems to be the largest contract opened in foreign competition by the U.S. military—unusually, for such a high technology area, there is no direct U.S. contender for the contract.

The British and French Governments are both taking a keen interest in the bids of their respective companies—on the British side, Mrs Thatcher, the Prime Minister, is being kept informed, while Mr Michael Heseltine, the Defence Secretary, has ordered officials and the top army brass to give their full co-operation. "We have a real UK Ltd. approach. It's been a unique collaboration," says Mr Michael Clarke, deputy chairman and deputy chief executive of Plessey.

The other British companies associated with the Parmigan consortium include STC and Marconi.

The U.S. army has asked for bids to supply its Five Corps, comprising 25 divisions, with new battlefield communications—the contract is for what the army calls Mobile Subscriber Equipment, MSE for short. Plessey, in conjunction with the Collins Division of Rockwell International, has offered Parmigan, which is to enter service with the British Army from early next year and Thomson, joining the U.S. company GTE-Sylvania is putting forward Rita (Reseau Integre des Transmissions Automatique).

Both systems offer enormous improvements on current battlefield communications. They are both fully mobile, area systems, much more secure, much more capable and resistant to damage than their predecessors. Plessey claims that Parmigan, being all-digital and being produced two years later than Rita, is the more flexible and secure. Thomson, however, points to the advantage of Rita's having been more fully tested in the field.

By what seems a quirk of history, there is no comparable U.S. system. A complete area system like Parmigan was originally planned (after the break down of a collaborative project with Britain in 1970) as a U.S. venture and the technology is certainly there to produce it. But the system actually being produced in the U.S.—known as TT-Tac (for tri-service tactical communications) is said to be less mobile and more manpower-intensive than either Parmigan or Rita. Following a review by the army staff at the end of last year, Mr Jim Ambrose, the U.S. army secretary, with the backing of Mr Casper Weinberger, the Defence Secretary, decided to hold the present competition between "off the shelf" systems.

Though it quickly became obvious that the British and French systems were the only real contenders, both are chary of discussing their bids—not surprisingly, since the next stage involves not only tests of the rival equipment by the U.S. army but tough negotiations as the companies refine their bids to "best and final" offers.

The most immediate concern is probably political. Notwithstanding that both European concerns have strong U.S. partners, and obviously have included a large (though unspecified) amount of U.S. work in their bids, the powerful U.S.

industrial lobby could decide to fight it, or, for example, political support for the contest could be undermined if Mr Ambrose or Mr Weinberger were to be moved in the aftermath of the U.S. election.

Politics aside, the key factors which will determine which system is chosen are how the equipment itself performs and what sort of deal each consortium is offering. Thomson refuses to comment on any aspect of its bid, though it lists its principal advantage as being the fact that Rita has been operational with a division of the French army since 1982.

Plessey claims greater flexibility for Parmigan—it has packet switching facilities for example (the automatic transmission of packets of data by the fastest route). It is fully digital, and thus said to be more secure, while 90 per cent of faults which develop can apparently be automatically corrected within three minutes.

However, the differences between the bids now before the U.S. army's Communications and Electronics Command at Fort Monmouth (each bid consists of nearly 50,000 pages, duplicated 100 times) do not only reflect the differences between the two systems. It is suggested for example that

about 25 per cent of the GTE-Thomson bid may involve the Rita system—the rest could be U.S. components. Plessey suggests though refuses to confirm that Parmigan may be a higher proportion of the Rockwell-Plessey bid.

Whatever their differences, it is apparent that both European companies have had difficulty conforming to the tender terms. The U.S. army is believed to have asked in its original request for proposals for the quotation of fixed dollar prices up to 1890. It is not clear whether this remains mandatory. All that Mr Clarke will say is that "we have not taken any untoward risks on the financial side."

If and when a contract is awarded late next year, it will be for small initial quantities, though the winning partnership would obviously expect to get the five planned follow-on orders there is not will be no guarantee that it will. Yet the prize is large: Plessey reckons its sales of Parmigan to the British Army at £600m-£700m. Twice that sum could now be involved to Plessey—or Thomson. Beside such a deal, even the recent £600m British Aerospace-Rolls-Royce contract to sell Hawke aircraft and engines to the U.S. Navy would pale.

Deng seeks bolder steps from foreign investors

By Mark Baker in Peking

DENG XIAOPING, the Chinese leader, has urged leading Western businessmen to promote investment in China as a means of assisting international economic growth and peace.

"China's development, seen from an international political and economic point of view, will benefit world peace and world economic development," Deng said at a weekend meeting with 42 industrialists, economists and bankers from Japan, the U.S., Western Europe and Australia.

He told the group, in Peking for an economic symposium, that they should have trust that China's policies would not change and they should not hesitate to take commercial risks in China.

"You should take bigger, bolder steps. China means what it says, and we will stick to contracts," Deng said.

The group included Sir John Nott, the former British Defence Secretary and now director of Lazard Brothers, Sir Roderick Carnegie, the chairman of CRA, Australia, and Mr Robert H. Knight, the former U.S. under-secretary of Defence and now a senior partner in Shearman and Sterling.

Deng said China needed foreign funds and technology to develop its economy, but the benefits were not one-way.

"In return, China will be able to contribute more to the growth of the world economy," he said.

He said there should be no anxiety in the west about the permanence of China's "open-door" policies. The Chinese people would not accept a return to China's former isolation.

"The open-door policy is now China's fundamental policy. Were any change to occur, it could only be that China would open still wider. Anything else would not be favoured by our people," he said.

In an address to the three-day symposium late last week, Gu Mu, a Chinese state councillor, said the Government was considering more incentives to attract investment, including a further cut in the existing preferential tax rate of 15 per cent in the special economic zones and 14 coastal cities.

● Signature of an agreement for the joint production in Shanghai of Volkswagens cars and engines is likely to be the most important result of the week-long visit by Chancellor Helmut Kohl to China which began yesterday, Rupert Cornwell writes from Bonn.

The planned joint car venture involves the establishment of an equally-owned Sino-German corporation, which will assemble 20,000 Santana vehicles annually from 1985. In addition, 100,000 VW engines will be assembled per year, of which 20,000 will serve the domestic Chinese market and 80,000 VW's world wide vehicle assembly network.

U.S. semiconductor makers fear effects of price cut

BY LOUISE KEHOE IN SAN FRANCISCO

U.S. SEMICONDUCTOR manufacturers fear that a recent dramatic cut in the price of memory chips by Micron Technology, of Boise, Idaho, could upset the delicate balance of trade in the \$2.5bn (£2bn) world market for 64k random access memories (rams).

Micron, a new company with sales for the past nine months of \$50m, last week told customers that it was reducing its 64k ram prices to \$1.85 on industry standard 200 nanosecond parts and \$1.95 for faster 150 nanosecond parts. These prices are significantly below prevailing U.S. prices of about \$3 per part.

Other U.S. manufacturers now fear that the Micron Technology price cuts could open the door to similarly low-priced Japanese exports to the U.S. Japanese 64k ram producers are at present following, but not leading, price trends in the U.S. market. U.S. producers believe that the Japanese are being careful not to raise the issue of predatory pricing which could aggravate the protectionist U.S. trade pressures.

Last year, the U.S. semiconductor industry gained significant support in Washington for its complaint that Japanese "targeting" of the U.S. ram market had had a severe impact on the ability of U.S. companies to compete. Japanese manufacturers drove U.S. prices down to unrealistic

ally low levels, the U.S. chip makers charged.

Following trade negotiations between the U.S. and Japan, the Japanese agreed to set up a monitoring system that would enable the U.S. to measure semiconductor trade between the two countries. Unofficially, the Japanese have also become less aggressive in the U.S. market, according to U.S. companies. A booming Japanese market, which has kept Japanese producers occupied with home demand, has contributed to Japanese sales patterns, U.S. producers believe.

Now, however, there are signs of softening in 64k ram demand, as the next generation 256k rams become available and the U.S. industry is once more price cutting. They fear that the Japanese price-cutting in the U.S. market could significantly change the 1985 outlook for the industry. Mc Irwin Federman, president and chief executive officer of Monolithic Memories, warned U.S. companies at the recent Semiconductor Industry Association forecast meeting. The SIA forecast predicts 22 per cent growth in 1985, down from 48 per cent this year. Most of the 1985 growth is, however, expected to occur in the first half of the year.

Australian deal won by ACT

Applied Computer Techniques, the fast growing British computer group, has won a \$65m (£3.3m) order for the Apricot from two New South Wales government departments through its Australian distributor, Barson Computers, Jason Crisp reports.

Barson won the contract in competition with 30 other companies and expects the orders to be increased to A\$20m during the rest of the year.

U.S.-Greek air agreement talks deadlocked

BY ANDRIANA IERODIACONU IN ATHENS

NEGOTIATIONS between the Greek and U.S. Governments for a new civil aviation agreement are deadlocked over a demand by Athens that only one U.S. airline be designated to serve Greece.

A 1946 Greek-US civil aviation agreement, which allows Trans World Airlines (TWA) to transport passengers between Greece and the U.S. was denounced as

"one sided and colonial" by the Papandreu Government last February.

Greece had earlier rejected applications by Air National and Transamerica, both of California to service Athens.

A first round of negotiations for a new air pact was cut short in Washington recently, when the two sides failed to agree on the designation issue. The 1946

agreement will expire in February, 1985, under a 12-month termination clause. No date has been set for a second round of talks.

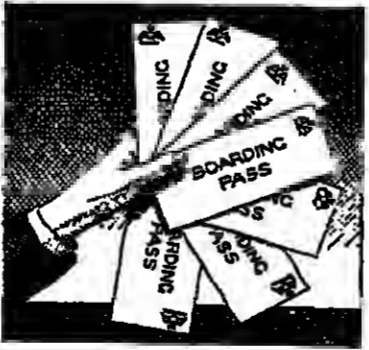
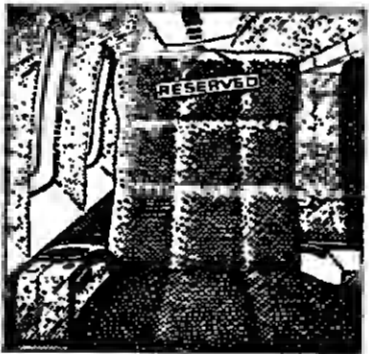
The U.S. side is said to regard securing multiple designation—the right of several airlines to operate the route—as a matter of principle.

A spokesman for TWA in New York said last week that the company supported Washington's negotiating demands, but hoped "the issue would be kept realistic."

The spokesman said the Athens destination was "important historically and in profit terms" for TWA.

Athens, on the other hand, sees single designation as vital for ensuring the survival of Olympic Airways, the national carrier.

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Dry cargo rates relapse

BY ANDREW FISHER, SHIPPING CORRESPONDENT

SHIPPING markets remained slack last week, but some brokers claimed to detect signs of a possible uplift in coming months. Even so, the surplus of available tonnage is likely to limit any improvement in rates.

The autumn revival in dry cargo rates, said Denholm, rose against other currencies meant many owners earning freight revenues in the U.S. currency were some 15 per cent better off than a year ago.

Some of this increase could be offset by dollar expenses on voyages, "but for many owners the overall effect of being paid in a strong currency has been beneficial."

World Economic Indicators

		TRADE STATISTICS			
		Aug '84	July '84	June '84	Aug '83
U.S. \$bn	Exports	18.26	17.642	17.633	16.522
	Imports	24.547	21.883	25.355	22.714
	Balance	-8.531	-12.441	-7.723	-6.132
UK £bn	Exports	5.951	5.476	5.893	4.932
	Imports	6.518	5.614	5.990	5.019
	Balance	-0.568	-0.137	-0.097	-0.086
Japan \$bn	Exports	12.922	14.807	14.740	11.431
	Imports	12.176	11.408	10.744	9.957
	Balance	+1.116	+3.199	+4.016	+1.674
W. Germany DMbn	Exports	37.90	39.46	35.41	34.04
	Imports	34.10	36.47	34.14	32.20
	Balance	+3.80	+2.99	+1.27	+1.84
France Frbn	Exports	74.54	69.33	69.00	63.92
	Imports	73.02	69.92	74.25	64.74
	Balance	+3.52	-0.59	-5.25	-0.82
Italy Lirebn	Exports	8,561	10,839	9,509	9,283
	Imports	10,230	12,115	11,151	9,541
	Balance	-1,769	-2,077	-1,642	-2,258

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UK NEWS

Spending demands threaten tax cuts

By Robin Poutley and Max Wilkinson
DEMANDS for 'essential' extra public spending next year are more than enough to wipe out the prospect of tax cuts...

Conservatives plan new measures to create jobs

BY PETER RIDDELL AND ALAN PIKE

A FURTHER package of job creation measures is being prepared in Whitehall and will be foreshadowed in a series of ministerial speeches at the Conservative Party conference...



Mrs Margaret Thatcher

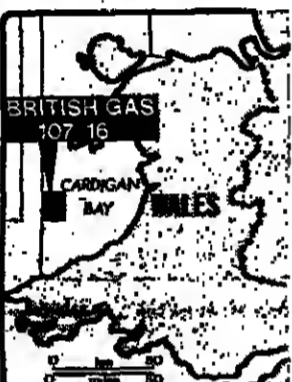
Ministers believe the Government must be seen to be responding in face of last week's record unemployment figures and the prospect of further increases this winter...

over Labour in recent weeks. The Conservatives are put at 43 per cent against 35 per cent for Labour and 18 per cent for the Alliance...

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Gas industry drives for more bulk sales

BY MAURICE SAMUELSON AND DOMINIC LAWSON
BRITISH GAS Corporation is going on to the offensive to sell more gas to industry and commerce, finally signalling the end of a policy of restraint dating back to the second oil crisis in 1979...



thought likely that it could be developed on a commercial basis. Apart from British Gas only Atlantic Richfield (Arco) of the U.S. has drilled in the Cardigan Bay area...

First racially based union is formed

BY PHILIP BASSETT, LABOUR CORRESPONDENT
BRITAIN'S first racially based trade union, consisting solely of people from ethnic minorities, has been formed. This is thought to be the first instance of the establishment of a trade union whose membership is defined by race rather than occupation or skill...

FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

Murray & Roberts - from a construction base into diversified activities

Bill Bramwell, chief executive of Murray & Roberts, speaks in this interview with Richard Rolfe, London-based international editor of Finance Week of Johannesburg.

Rolfe: Are you primarily a construction group, or do you classify Murray & Roberts as an industrial holding company?
Bramwell: We started off in construction and moved into every construction field, including housing and industrialised building...

Over that period, the contribution from construction hasn't varied materially. It declined over 1977 to 1979 and then picked up, and since then it's pretty well remained constant...
Rolfe: What is the split between public sector and private sector construction activity?
Bramwell: The public sector goes up and down much more dramatically...

many years probably today would cost R8 000-R9 000 and there is very little of that being built for Blacks, but there will have to be a lot more.
Private sector development of housing will probably run from R18 000 up to R30 000 per house...



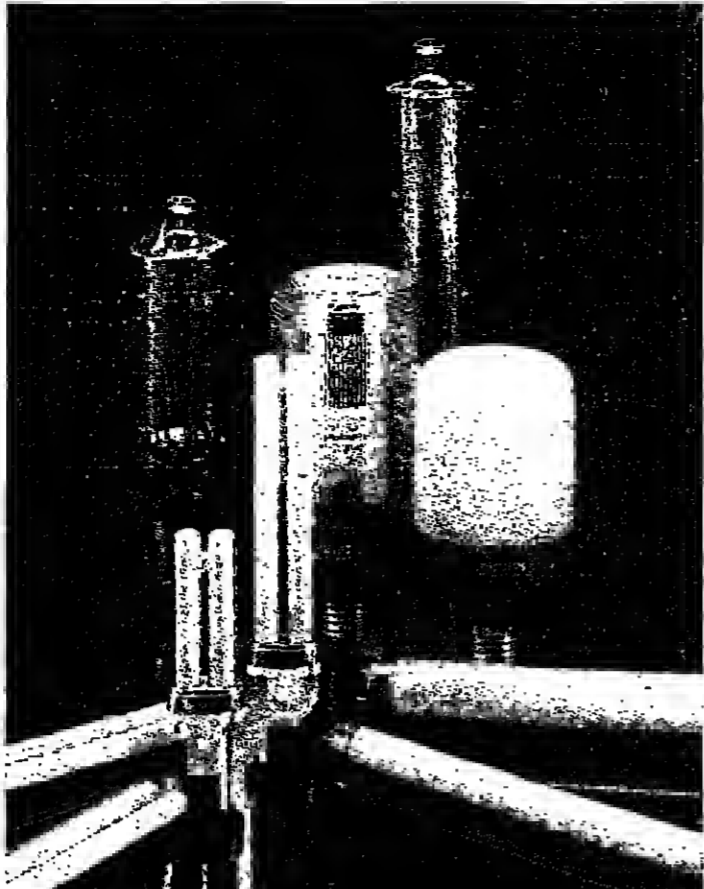
Mr Bill Bramwell

mal education and we have spent a lot of money on upgrading education standards in schools. We make annual contributions to all of the Black universities and technicians in the form of cash. We have a Trust in one of the Black universities for post graduate training for lecturers overseas and so on...

ENERGY REVIEW
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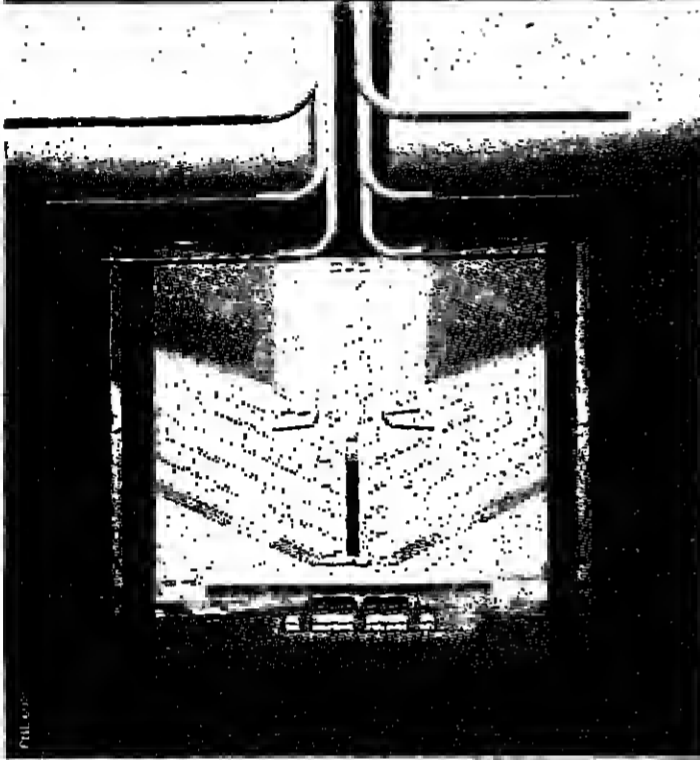
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UK NEWS

PRESSURE ON BENN TO STAND IN LABOUR SHADOW CABINET ELECTION

New faces expected in the Kinnock team

BY PETER RIDDELL, POLITICAL EDITOR

CHANGE in the Labour Party's parliamentary leadership now look likely after next month's elections to the Shadow Cabinet.

Mr John Silkin, at present the main spokesman on disarmament, announced at the weekend that he did not intend to seek re-election, while Mr Tony Benn, on the left of the party, who is now eligible after his return to the House of Commons last spring, is expected by his friends to stand for election.

Mr Silkin's decision is no surprise to his fellow Labour MPs since he has not been involved on a day-to-day basis as a Opposition spokesman but has instead, frequently been absent overseas because of his work as president of Parliamentarians for World Order, an international disarmament campaign. He is under considerable threat of failing to gain re-election by his local constituency party, although some MPs believe that he may not stand at the next general election.

Mr Benn has made no formal statement about his plans but both his local party and close allies in the Campaign Group of hard-left MPs want, and expect, him to stand. His chances may be better than when he was defeated in November 1981 and, if he is elected, Mr Neil Kinnock, the party leader, would face an embarrassing decision on the allocation of a portfolio.



Mr John Silkin



Mr Eric Heffer

Otherwise, Mr Eric Heffer's position looks under threat. A number of fellow MPs, including some on the left of the party who voted for him last year, have been critical of his recent behaviour, especially of his performance as chairman of last week's party conference in Blackpool.

Last November, the Centre/Right proved to be more efficient than the Left in concentrating its votes and thus in getting both Mr Barry Jones and Mr Giles Radice elected. They may be under challenge from Mr Jeff Rooker and Mr Donald Davies, while the main centre-right contenders

will be Mr Donald Dewar, the party's Scottish spokesman. Divisions within Labour about some of the conference decisions were highlighted at the weekend by comments from Mr Denis Healey, the Shadow Foreign Secretary. He described as 'ridiculous' the conference vote that the police should not be allowed to play any role in industrial disputes, although he did not think the decision would form part of a future policy statement.

During yesterday's London Weekend Television 'Weekend World' programme Mr Robin Cook, the party's European spokesman, said Labour's proposals envisaged a process with a series of steps leading into each other. He emphasised the priority of the cancellation of Trident and the removal of U.S. cruise missiles from Britain, together with a Nato declaration against the first use of nuclear weapons. Then, he said, U.S. nuclear bases would go over a period of time by a process of negotiation.

Mr David Smead, the Liberal leader, commented in a television interview yesterday morning that "the Labour Party is an impossible instrument and unselectable as a Government."

got that far, they could not make real progress in negotiations. In a radio interview after the conference, he effectively withdrew last week's protest by the Irish Government over remarks by Mr Douglas Hurd, the Northern Ireland Secretary. Dublin had objected to a passage in a speech Mr Hurd gave to police recruits, but Mr FitzGerald said the protest had probably been hasty and the remark had been taken out of context.

Union votes against holding strike ballots

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITAIN'S fourth-largest trade union, the National and Local Government Officers' Association (NALGO), has formally decided not to hold ballots of its members before strikes - in direct defiance of the legal measure now in force, requiring this under the Government's Trade Union Act 1984.

The unpublished decision was carried at a special meeting of the union's national executive council last month called specifically to consider the issue.

Meetings at the weekend of executive sub-committees of the union formally carried opposition to other sections of the Act, which is expected to be endorsed at the union's next executive meeting next month. NALGO's stance is likely to worry ministers, since it is traditionally seen as a moderate union, with many of its 780,000 members active Conservative supporters. This week, the union is holding a special conference to decide whether to halt all further financial contributions to the miners' strike.

Although some unions are reorganising themselves in order to bring themselves into line with the Act, NALGO's stance and its confident arguments to support it will give heart to other unions unsure of how far to push their opposition to the legislation.

NALGO's decision was taken with only one vote against. The executive endorsed a confidential NALGO document on the issue, recommending that the union maintain its 'business as usual' policy. A union spokesman said this meant that the union would continue to operate 'as we usually do'.

FitzGerald optimistic

FINANCIAL TIMES REPORTER

DR GARRET FITZGERALD, the Irish Prime Minister, is optimistic that the British and Irish governments together can make progress in solving Northern Ireland's problems.

Speaking at the end of his party's annual conference, Dr FitzGerald said the two governments, for the first time in 80 years, shared common analysis of the problem and it would be disappointing if, having

got that far, they could not make real progress in negotiations.

In a radio interview after the conference, he effectively withdrew last week's protest by the Irish Government over remarks by Mr Douglas Hurd, the Northern Ireland Secretary. Dublin had objected to a passage in a speech Mr Hurd gave to police recruits, but Mr FitzGerald said the protest had probably been hasty and the remark had been taken out of context.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current	October 22-26	London Business Equipment Show (01-547 1001) Earls Court	October 26-November 3	International Bike Show (01-355 1200) Olympia	
October 14-16	National Franchise Exhibition (01-692 7861) Kensington Exhibition Centre	October 15-11	National Stamp Exhibition-STAMPEX (01-830 6465) Brighton	October 11-15	International Domestic and Contract Textiles Exhibition (01-572 2121) NEC, Birmingham
October 17-23	British Motor Show (01-235 7000) NEC, Birmingham	October 22-24	Exhibition of International Equipment and Service Banking Insurance and Finance (021-705 6707) Barbican Centre	October 28-29	Electronic Engineering Exhibition-ENEX ASIA (01-685 1158) Singapore
October 22-24	Exhibition of International Equipment and Service Banking Insurance and Finance (021-705 6707) Barbican Centre	October 28-29	International Tourism, Hotel Facilities & Construction Materials Exhibition INTER HOTEL (01-236 2339) Beijing	October 30-November 4	International Exhibition of Office Equipment Furniture and Stationery-OFFICE (01-655 1188) Bangkok
October 22-24	Exhibition of International Equipment and Service Banking Insurance and Finance (021-705 6707) Barbican Centre	October 28-29	International Exhibition of Office Equipment Furniture and Stationery-OFFICE (01-655 1188) Bangkok	November 11-15	Industrial Development Exhibition-SAUDI INDUSTRY (01-496 1951) Riyadh
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Contracts & Tenders

Company Notices

Public Notices

REPUBLIC OF GABON
Libreville Water Supply
CALL FOR TENDER

The Republic of Gabon is issuing a Call for Tender concerning the extension of the water supply for the city of LIBREVILLE, in the N'YOUVA 3 project.

6A—CIVIL ENGINEERING WORKS
6B—TREATMENT EQUIPMENT
6C—OTHER ELECTROMECHANICAL EQUIPMENT

SOCIETE D'ENERGIE ET D'EAU DU GABON
Avenue Felix Eboué, 3ème Etage, P.O. Box 12100
Libreville, Gabon
Tel: 74 08 28/27 00 08
Telex: 5322 G.D

SAVEGE
76-78 Rue des Sultanes
92000 Nanterre, France
Tel: 78 72 55 (1)
Telex: SAGETOL 612 811 F

INTERNATIONAL HOTEL DEVELOPMENT IS PROPOSED AT MANCHESTER INTERNATIONAL AIRPORT

Outline Planning permission is being sought for a hotel in a prime location linked to the main terminal building at Manchester International Airport.

An expression of interest is invited from suitably qualified companies for the development and operation of such a hotel.

Please write in the first instance to Mr D. F. Stanley, Director of Development and Planning, Manchester International Airport Authority, Manchester M22 9PA.

MANCHESTER INTERNATIONAL AIRPORT

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
(Algerian People's Democratic Republic)

MINISTRE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES
(Ministry for Energy and Chemical and Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX Puits
(National Oil Exploration Company)

NOTICE OF INTERNATIONAL CALL FOR TENDERS
NUMBER: 0960/A1/OIV.

The National Oil Exploration Company is launching a National and International Call for Tenders for the supply of the following:

- Lot No 1: Hand tools
- Lot No 2: Motor winding shop equipment
- Lot No 3: Hoists
- Lot No 4: Welding sets and battery chargers
- Lot No 5: Injection pump test benches
- Lot No 6: Hydraulic wrack and screw type jacks, presses
- Lot No 7: Woodworking machines

This Call for Tenders is intended for Manufacturing Companies only and excludes amalgamations, representatives of companies and any other intermediaries etc, in conformity with the provisions of the Law No 78-02 of 11 February 1978, with respect of State Monopoly on Foreign Trade.

Tenders interested in this Call for Tenders may obtain the specifications from the following address:

Entreprise Nationale des Travaux Aux Puits
Base les Vergers
ALGER (ALGIERS)
Direction des Approvisionnements (Department for Supplies)

with effect from the date on which this notice is published.

Offers, of which five (05) copies should be prepared, must be sent in a double sealed envelope, by registered mail, to the Secrétariat de la Direction at the above-mentioned address.

The outer envelope should not bear any mark that might identify the tenderer and should state simply:

"APPEL D'OFFRES NATIONAL ET INTERNATIONAL NUMERO: 0960 A1/DIV - Confidential - A ne pas ouvrir" (Confidential - Do Not Open).

Tenders must be received by 12 noon on Saturday 22 December 1984 at the latest. Selection will be made within 180 days from the closing-date of this Call for Tenders.

CONTRACTS AND TENDERS ADVERTISING APPEARS EVERY MONDAY THE RATE IS £33.00 PER SINGLE COLUMN CENTIMETRE

Company Notices

DAKRETH (UK) HOLDINGS PLC
NOTICE IS HEREBY GIVEN that the following resolution shall be proposed at a meeting of the Company to be held at the offices of the company on Monday 15th October 1984 at 4.30 pm:

Resolved that a special resolution be passed that the company should be wound up in accordance with Section 285 of the Companies Act 1948.

Dated the 7th day of September 1984.
R. W. J. HARTIGAN, Director

Legal Notices

PHOTOGRAPHIC SCIENCES
NOTICE IS HEREBY GIVEN pursuant to Section 283 of the Companies Act 1948 that a meeting of the company of Photographic Sciences (for Code Products) Limited, will be held at Concorde House, Great Queen Street, London WC2A 3DU at 4.45 o'clock in the afternoon, for the purpose of an extraordinary general meeting in accordance with Section 283 of the Act.

Dated the 7th day of September 1984.
R. W. J. HARTIGAN, Director

CANDN INC.

Notice has been received from Tokyo that the Board of Directors of the Company has approved a dividend of Yen 5.00 per share for the period ended 30th June 1984.

RECEIPTS TO BE PAID (SHARE EDR)
The company is pleased to announce that it has received notice from the London Stock Exchange that the company's shares are now eligible for admission to the Official List of the Exchange.

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BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE
US\$30,000,000 Floating Rate Notes 1982/1988

The rate of interest applicable to the interest period from October 3, 1984, up to April 9, 1985, as determined by the reference agent is 12 per cent per annum, namely US\$6.87 per one of US\$100.

NOTICE OF ASSESSMENT BY THE SECRETARY OF STATE
TELECOMMUNICATIONS ACT 1984

On 2 August, the Secretary of State for the Home Department issued a notice of assessment of the value of the telecommunications services provided by British Telecom plc. The notice is published in accordance with section 10(1) of the Act.

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Art Galleries

MEYER GALLERY
30, BRUSH ST. W1
Paintings, Sculpture, Drawings, Prints, Photographs, Jewellery, Clocks, Caskets, Silver, etc.

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HIGH

BCal likely to revise bids for air routes

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN Airways (BCal) Britain's largest independent air carrier, intends to move quickly to implement the Government's decision to reshaping the UK civil airline industry.

One of its first steps will be to review the applications it has already made to the Civil Aviation Authority (CAA) to take over some of British Airways (BA) routes, to see if they can now be turned into bids for dual designation - the right to fly on them in competition with BA.

Last Friday's White Paper (policy document) on Competition in Civil Aviation strongly endorsed the principle of dual designation, while rejecting any direct transfer to the independent airlines of BA's European routes from Gatwick and the regional airports.

Earlier in the summer, when the CAA in its own report reviewing civil aviation policy, recommended such transfers, BCal was quick to apply for the Gatwick routes.

Those included BA's services to Bilbao, Barcelona, Bologna, Gibraltar, Lisbon, Madrid, Malaga, Naples, Oporto and Valencia.

At the same time, BCal put in bids for other BA routes, including Athens, Rome, Düsseldorf, Copenhagen, Oslo, Stockholm, Muscat, Abu Dhabi, Dubai, Singapore and Kuala Lumpur.

It planned to fly them from Gatwick, near London, its airport base, in competition with BA, flying from Heathrow, London, under the dual designation principle.

BCal's task is now to sort out which routes it intends to seek. It cannot now take over BA's routes from Gatwick to Spain and Portugal, but there is nothing to stop it from revising its bids for those routes to include them under dual designation.

It may also pursue, if it wishes, all of its other licence bids for dual designation, in the light of the Government's encouragement.

BCal has longer-term plans for bids for dual designation to such other long-haul destinations as Delhi, Shanghai and Peking. It is also

thinking of using the Saudi Arabian network it is being given (in return for giving up its Latin American routes) as a stepping stone to other South-East Asian, Australasian and Far East destinations.

However, while BCal's long-term ambition under dual designation are boundless, the big difficulty is how far foreign governments will be prepared to go in accepting additional UK airlines on international routes traditionally limited to only one UK operator and one foreign airline.

Many governments have in the past strongly opposed relaxing that rule, fearing a loss of traffic to their own national airlines, and many attempts by the UK to get them to change their minds have failed.

It will be up to the Government to step up its own negotiating pressure on foreign governments in an attempt to translate its support for dual designation into effective route rights that BCal and other independent operators can implement.

far, Lisbon, Madrid, Malaga, Naples, Oporto and Valencia.

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'Threat to security' from fleet decline

By Andrew Fisher, Shipping Correspondent

BRITAIN'S economy and defence security are in danger of being seriously weakened by the rapid decline in the country's merchant fleet, the British Maritime League has said in a special report.

It has called on Mrs Margaret Thatcher, the Prime Minister and the Government to make a firm declaration that transport was important to the UK and that shipping was vital.

The league, a pressure group with members drawn from maritime and other industries, as well as politics, said a merchant fleet is the essential fourth arm of defence in war.

"The current decline is fast approaching the point where the adequacy of the fleet for defence purposes is doubtful in terms of ships and will soon become so in terms of experienced men."

The UK merchant fleet - now just under 22m deadweight tons against the 1975 peak of 30m dwt - also contributed to the balance of payments, helped ensure cargo space for those trading in and out of the country, and gave some control over freight rates.

The conditions of the report, entitled Britain does need a merchant shipping industry, were drawn up after a conference on the industry held by the league this summer.

They included a recommendation that the Government "should do more to co-ordinate policies in various transport sectors."

The league said a forum should be set up, possibly within the National Economic Office, to bring together all parties concerned with maritime and related interests.

Such a forum should analyse the fleet's decline, review the fiscal climate - the industry has accused the Government of being among the least supportive for shipping of any in the world - and study whether free trade really existed in shipping markets.

In a separate study of the reasons for the fleet's decline, which the league has given to the Government, it referred to the large cost differences with other flag nations, notably in the Far East, and the protectionism in many markets.

Ian Rodger examines the aftermath of receivership

Stone International's rise from the ruins

THE RECENT flotation of Stone International on the London stock market was a reminder of one of the most controversial industrial bankruptcies in recent years.

Stone, which is the dominant maker in the world of air-conditioning equipment for railway and metro carriages, was one of the main subsidiaries of Stone-Platt Industries, which collapsed in the spring of 1982. A lively debate followed the collapse on whether receivership was the right move, considering that almost all the group's businesses had survived.

Until 1980, Stone-Platt was a significant manufacturer of textile machinery, pumps, marine propellers and the specialised air-conditioning equipment with turnover in 1979 of £211.5m and 13,000 employees. However, its stability was threatened by the collapse of demand in the late 1970s for textile machinery, its chief product. Unfortunately, at the time, the group's top management was in some disarray and so did not deal with the issue as quickly as needed.

In mid-1980, new management, led by Mr Leslie Pincott, was brought in to try to resolve the group's difficulties. The successful pumps and marine propeller businesses were sold for a total of £18.5m and, in 1981, the group's banks and some investing institutions backed a £10m capital restructuring programme.

However, the losses in the textile equipment division remained very high, and soon the group found itself with inadequate resources to finance the massive rationalisation

required. One plan called for a reduction of employment in textile machinery from 3,000 to 300. More disposals and another financial restructuring were proposed, but the banks, led by the Midland, were not impressed and decided to call in the receivers in March 1982.

The receivership was an extremely successful one. All the remaining businesses were sold and all but one continued to operate successfully.

Stone International was the largest of them, and has recovered remarkably since its assets were bought by some of its former managers with institutional support for just under £15m.

In the 11 months to May, 1982, it had an operating profit of £2.9m on sales of £94.4m. In the year to May, 1984, profits were £7.4m on sales of £72.8m. The stock market flotation valued Stone at £28m, more than double the price paid to the receiver for the assets.

The key to the recovery, according to Robin Tavenor, the chief executive, was simply a restoration of hands-on management. When the Stone-Platt crisis began, he was moved from his position as chairman of what was then called the electrical division to become group chief executive.

Inevitably, the textile machinery division's difficulties absorbed nearly all his time. The electrical division lost its way at a crucial time, it had just made two large U.S. acquisitions and strong management was needed to integrate them in the division. Without it, performance plummeted.

"Things were so bad that none of the divisional managers were interested in participating in the management buyout," Mr Tavenor says. He was however, confident that he could go back and put the electrical division right, and he has done so. He has replaced the chief executives of all three U.S. subsidiaries and several other key managers.

As for the other former Stone-Platt divisions, they too have done surprisingly well.

Platt Saco Lowell, which makes machines for making textiles out of natural fibres, was sold by the receiver to Hollingsworth of Wharfedale of the U.S. for an estimated £12.5m, and the factories in Lancashire, the U.S. and Spain are still operating.

Ernest Scragg, which makes textile machines which use artificial fibres, was sold to Rieter, a Swiss competitor, for an undisclosed sum. The Oldham plant was closed and production concentrated on Langley, Macleodfield.

Transfer opportunities were offered to all Oldham staff and 80 per cent took it. Recent recruitment has lifted staff numbers from 320 to 340, compared with the 700 employed at the time of the receivership.

Mr Geoffrey Bucklow, who has been managing Scragg with full autonomy since the purchase, says he is "looking at a very nice order book".

Longclose, the Leeds textile dyeing machinery maker, was acquired from the receiver by its managers with help from the English Association Trust. Mr Trevor Hick, managing director, says the group now employs 135 people compared with 180 two years ago.

There is a "distinct possibility," he says, that Longclose will follow Stone International to the stock market. The one casualty so far is a foundry at Bury, near Manchester, which was sold to Columbia Industries of the U.S. It was closed last April when the expected volume of business did not come in.

Mr Pincott, the chief executive of Stone-Platt when the group collapsed, has argued long and vigorously that the receivership was not necessary. He says that, at the time, the directors had reached agreement to sell Platt Saco Lowell to Hollingsworth. That, with one or two small disposals and a "modest rights issue" would have enabled the group to return to a reasonable financial state within a year.

Under Chapter 11 of U.S. bankruptcy laws, Stone-Platt would have been given the time to implement its recovery plan, but not under receivership as practised in the UK.

Mr Bill Mackey of Ernst and Whinney dismisses those arguments. He points out that the proposed sale of Platt Saco was conditional on Stone-Platt's retaining the creditors and financing heavy redundancies, something the group could not afford to do. "So they had a deal they could not complete."

He also says that the auditors were then preparing their annual report on the group and had to form a view about whether it could operate for another year.

He dismisses criticism of the subsequent success of the subsidiaries. "What people should ask is whether or not Stone-Platt could have survived. No more would have come out under Chapter 11 than out of the receivership."

Ford drops from top of heavy commercial vehicle league

By KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD dropped from first to third place in the heavy commercial vehicle (more than 3 tonnes gross weight) sales league in September, falling behind Leyland, ICB's subsidiary, and General Motors Bedford company.

Ford is still feeling the effects of its incentive campaign, which offered dealers up to £1,500 a vehicle in extra bonuses if they achieved set targets by the end of June. The scheme caused sales to rise but since June Ford's registrations have fallen sharply.

In September its registrations to-

tabled 590, down from 713 in the same month last year, while Leyland's rose from 561 to 632 and those of Bedford from 482 to 577. Bedford now has its new incentive campaign.

It remains difficult to judge the underlying strength of the heavy commercials market in view of the distortions brought about by the Ford incentives. Last month, registrations were virtually the same as September last year, 4,067 against 4,071.

In the first nine months, heavy commercial vehicle sales were up

by 8.3 per cent from 36,958 to 40,402.

That more than accounted for the rise in the overall commercial vehicle market by 1.9 per cent to 210,992, according to the Society of Motor Manufacturers and Traders.

Registrations in September were down 2.1 per cent on the same months of 1983 at 19,935. The importers' market share in September fell from 39.5 per cent to 37.4 per cent but over the nine months rose from 34.4 per cent to 35.8 per cent.

In September light van sales were 6,141 compared with 6,117 a year before.

The UK merchant fleet - now just under 22m deadweight tons against the 1975 peak of 30m dwt - also contributed to the balance of payments, helped ensure cargo space for those trading in and out of the country, and gave some control over freight rates.

The conditions of the report, entitled Britain does need a merchant shipping industry, were drawn up after a conference on the industry held by the league this summer.

They included a recommendation that the Government "should do more to co-ordinate policies in various transport sectors."

The league said a forum should be set up, possibly within the National Economic Office, to bring together all parties concerned with maritime and related interests.

Such a forum should analyse the fleet's decline, review the fiscal climate - the industry has accused the Government of being among the least supportive for shipping of any in the world - and study whether free trade really existed in shipping markets.

In a separate study of the reasons for the fleet's decline, which the league has given to the Government, it referred to the large cost differences with other flag nations, notably in the Far East, and the protectionism in many markets.

Harland Simon in French venture

By LYNTON McLAINE

HARLAND SIMON, the UK electrical drives company, has formed a joint company with Jeumont-Schneider, the French industrial corporation, to market electrical drive systems covering the whole of the industrial spectrum.

The new company, called Jeumont-Schneider Industrial Systems, is owned one-third by Harland Simon and two-thirds by Jeumont-Schneider, one of the largest

industrial groups in France, with a turnover of about £860m.

The formation of the company brings together the expertise of Harland Simon in industrial electrical drives for small and medium-scale applications and the work of Jeumont-Schneider in drives for heavier industrial plant.

Harland Simon has specialised in electrical drives for the printing, rubber, paper, plastics, board and

other light industries. Jeumont-Schneider has traditionally produced larger electrical drives, among other products, for the chemical and process industries.

The new company will market the drive systems of both the French and UK parent companies in the UK and will give access to the French and European market for Harland Simon.

UK promotion plan pledged more funds

By ANTHONY MORETON

BRITAIN is to put a further £1m into a campaign to attract more overseas companies to set up operations in the UK.

The money, which had to be put into next year's budget despite considerable opposition from the Treasury, will be complemented by capital from the private sector.

Launching the campaign in London Mr Norman Lamont, Minister of State at the Department of Trade and Industry, said industry was about to be approached to support the programme, which will be run by the Invest in Britain Bureau (IBB).

The bureau which exists to co-

ordinate Britain's overseas promotion and attract inward investment, will work in conjunction with Locate in Scotland, Invest (Wales Investment Location) and the Industrial Development Board for Northern Ireland as well as English regional development organisations.

The bureau has appointed Valmir Polleto to handle the campaign, which will be concentrated heavily on the U.S. and Japan as well as some European countries such as West Germany.

Details of the campaign will not be announced for about a month, but it is expected that seminars bringing together potential busi-

ness entrants to the UK, mail shots and advertising programmes will comprise the main thrust.

The £1m allocated - which is in addition to IBB's existing budget of £800,000 - is not a large sum for that sort of promotion. Only this week Benetton, the Italian clothing company, announced that it was spending £1.7m in the coming year in the U.S. alone.

Mr Lamont said there had "never been a better time to invest in Britain and there has never been a better time to send out the message to the international business world that Britain means business."

"We shall be targeting not just on companies which have invested here but on those which know the UK, particularly banks and financial institutions in the U.S. The main thrust, though, will be towards existing companies which want to invest in Europe."

Britain had an "unrivaled opportunity" over the next two years, he thought, to increase the flow of successful inward investment projects.

Last year 236 projects of which 57 per cent came from the U.S., had arrived in Britain, a record since the IBB was set up in 1977. They had created over 15,000 new jobs and safeguarded more than 18,000 others.

HIGH AND MIGHTY

THE AIR FRANCE FLEET. AIR FRANCE HAS THE FINEST AND MOST ADVANCED AIRCRAFT IN THE WORLD: THE SPACIOUS B 747, THE SUPERFAST CONCORDE, THE INNOVATIVE AIRBUS, THE EFFICIENT B 737 AND B 727. ALL PLANES OFFER A PERFECT MIX OF HIGH TECHNOLOGY AND COMFORT. THE HIGH AND MIGHTY AIR FRANCE FLEET: ANOTHER EXAMPLE OF THE HIGH STANDARDS YOU FIND WHEN YOU FLY AIR FRANCE.



CHANGES TO TELEPHONE CHARGES

British Telecommunications plc announces the following changes to telephone charges. These are the first changes for main telephone services (other than international calls) since November 1983. Overall, the changes on exchange line rentals and on local and national (formerly known as trunk) calls are within the limit set by the BT Licence.

- FROM NOVEMBER 1st 1984.**
 Exchange line and standard telephone rental.
- Residential.**
 Exclusive rental increased by £1.00 to £15.15 per quarter.
 Shared rental increased by 95p to £14.10 per quarter.
 Rebate on rental for low use residential lines increased from 3.0p to 3.2p per unused unit below 120 call units per quarter.
- Business.**
 Exclusive rental increased by £1.50 to £23.50 per quarter.
 Shared rental increased by £1.45 to £22.45 per quarter.

- FROM NOVEMBER 5th 1984.**
 Charges for calls from ordinary lines.
 Call unit charge increased by 0.3p to 4.7p.
 20-25% more time for peak and standard rate national (formerly trunk) calls over 56 kms will make these calls cheaper on average.

- Charges for calls from payphones.**
 The minimum charge for all calls from payphones will be increased to 10p, but more time will be allowed for this minimum charge on most national (formerly trunk) and international calls.

- Other items.**
 Changes are being made to charges for national (formerly trunk) and local operator controlled calls, and to charges for some telephone instruments, extensions, and apparatus.

VAT.
 Quoted charges, except those for payphones, are exclusive of VAT.

ADDITIONAL INFORMATION.
 Details of all changes will be notified to customers with their quarterly bill in November, December or January. For further information about these changes please dial 100 during normal office hours and ask for Freefone 2500, or for Freefone BTI for enquiries about international services.

TECHNOLOGY

EDITED BY ALAN CANE

PRODUCTIVITY TOOLS IN THE COMPUTER INDUSTRY

Better software by numbers

BY ALAN CANE

TO SOBER data processing professionals, Larry Putnam must come over as the reincarnation of a quack doctor from a travelling medicine show.

Not personally, mind, for he is a model of quiet integrity but what he is promising must seem to them about as credible as the claims the bucksters made for their large bottles of patent medicine.

Indeed, if it were not for commendations from a number of prestigious organisations including the UK Ministry of Defence and Marconi Radar Systems, many people would find it hard to take Mr Putnam's claims seriously.

He is used to the incredulity; now he has the data to back up his theories.

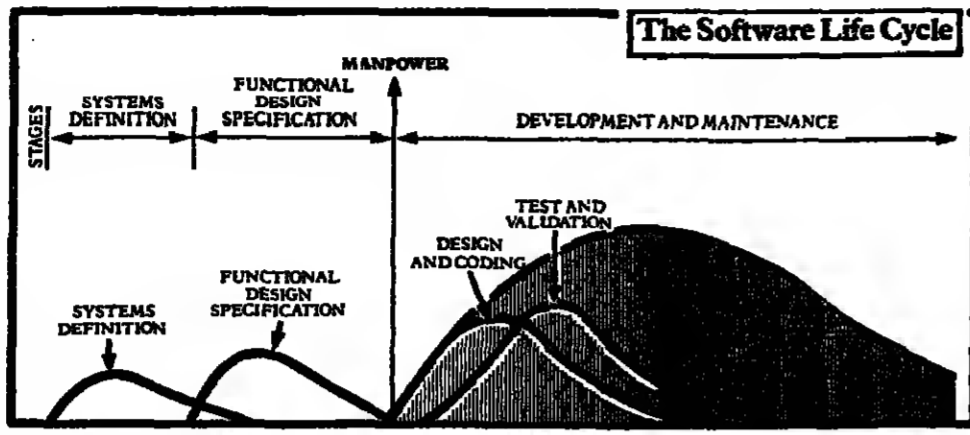
Mr Putnam is a software engineer, a specialist in ways of creating better software more productively. What he is offering is something most software people believe is impossible; a way of measuring and predicting software productivity. A way, in fact, of putting sensible engineering numbers to a process which is still regarded as a black art.

His software tool, SLIM, is used to predict the cost of software projects and their likely delivery dates.

The stuff of dreams, the experts might say, aware of research results showing that in the UK two-thirds of all software projects over run their budget and more than half take longer to complete than planned.

The problem was placed in stark relief by Dr John Taylor, a Ministry of Defence scientist at a conference earlier this year.

He argued that within a decade the amount of software deployed in battle systems



would rise between 1,000 and 10,000 times. "The value and cost of ownership of this software and database will go up by very much more, particularly as the people involved in producing and maintaining all this get more scarce and expensive."

That is why software engineering has been identified as one of the key "enabling" technologies and why companies are setting up special software engineering units to tackle the problem of the management of software production.

Software engineering tools are of many kinds, from simple screen editors to elaborate computer based management systems.

Mr Putnam's method originated in observations he made back in 1974 while an advisor on software budgets to the Department of Defence in the U.S.

He noted that people could simply not put numbers to software development. Without numbers, it was impossible for

management effectively to manage software projects. First by rule of thumb, then by careful analysis of hundreds of real software projects, Mr Putnam developed a set of equations to describe any kind of software development. The key was the similarity between the staffing profile common to all software projects and profiles developed by Peter Norden of IBM for teams of engineers developing hardware.

Mr Putnam's equations apply to projects where teams of three or more people are involved in developments which last at least six months. Now he has packaged the whole system so it can be run on a personal computer.

The analysis gives engineering explanations of some phenomena in software development that have been known empirically for a long time. For example, Mr Putnam's equations can be used to explain why adding more people to a software team on a project which is already over time does not

speed up completion but in fact slows it down. And it explains why it is disastrous to attempt to complete a piece of software in less than a specific time.

Mr Putnam's acronym SLIM stands for Software Life Cycle Management model and it is now used extensively by the U.S. Defence Department. According to Mr Jim Green of the UK consultancy PACTEL which is sponsoring SLIM in this country: "The reasons given by the DoD for adopting SLIM relate to its need to equip procurement staff with effective management decision aids... it states that its chief reason is the ability to save large amounts of money that SLIM provides."

Mr Putnam promises large savings in time and money. According to Mr Frank Zacherl, vice president responsible for information systems at GTE Data Services of Tampa, Florida, nothing in software development is done without using SLIM.

U.S. AIRLINES SIGN UP FOR SELF SERVICE FLIGHT BOOKING

NCR launches card operated ticket machines

NCR, WHICH two years ago announced prototypes of a card-operated self-service ticketing machine, now has over 100 units installed at U.S. airports and says it is about to sign contracts with two unnamed European airlines.

The production model, NCR 1810, does everything that an ordinary booking terminal in an airline office can do, but the procedures have been simplified for operation by the general public.

The machine will accept any magnetically encoded card to American Banking Association

or International Standards Organisation format, and is connected over phone lines to the airline's central reservation system. In addition, positive credit checking can be performed on line with the card company's computer, and the holder's account debited.

The user inserts his card and then answers simple questions which appear on the cathode ray tube display, asking him where he wants to go and when. He selects choices from those displayed, and the tickets including a boarding pass if

appropriate, are delivered from slots.

No personal identification number is used—it is supposed that fraudulent acquisition of travel tickets will not be criminally attractive.

Mr Al Booth, NCR's U.S.-based director for these systems, says that one American airline deploying the 1810 increased its market share at a particular airport by 1,000 passengers a month. He claims that public acceptance of the machines has "exceeded our expectations."

Mr Booth is convinced that applications will be extended. Since the machine is essentially one which accepts a card, makes checks, offers choices, debits accounts and issues documents, he sees no reason why a traveller should not use the machine to check into and out of the hotel itself. At the same time the 1810 would be able to ask the user about his further flying, car rental or train travelling, and make his arrangements for him. It is, he says, only a matter of programming.

MID GLAMORGAN'S INDUSTRIAL REGISTER ON VIEWDATA

Practical information on INDIS

INDIS, a computerised industrial information system launched by Mid Glamorgan County Council six years ago, is in the process of embracing the telecommunications revolution.

Its unique Register of Industrial capacity, designed to attract more business to companies in south and west Wales by setting out their capabilities and current capacity to take on orders, has just been adapted for dissemination via Viewdata systems. The scene has also been set for Indis subscribers to update information about their own companies on the database via their own Viewdata terminal, and for the whole system to be plugged into the Prestel network.

The Capacity Register identifies, in detail, the products, processes, services or component manufacturing capabilities of local companies wishing to publicise that they have spare operating capacity. Participants pay £50 a year to be on the register.

Up till now the main means of dissemination has been in the form of a booklet, printed out quarterly from the computer, which has been sent to some 6,000 manufacturing companies. These are mostly in Wales and along the M4/M5 corridor, but the Capacity Register also goes to international companies based in neighbouring Ireland, the

200 UK manufacturers and various EEC business information services.

But by adapting the register for dissemination via Viewdata systems, Indis hopes in practice to reach an even bigger audience directly or via Prestel. Preliminary discussions have already opened with the Prestel authorities with the aim of providing what would be a wholly new service for its 600,000 subscribers.

The Viewdata system has also been so designed that participating companies can subscribe to up to 28 additional "pages" to provide further information which they think could be useful in winning additional custom; for example, price quotations, more detailed technical specifications and even advertisements with response frames.

For the time being, Indis staff will continue to load information onto the database. But it is eventually planned that subscribing companies will be able to access their own pages and change or update their own information via their own terminals.

Indis began as an initiative by Mid Glamorgan to strengthen the county's industrial base, by promoting a greater degree of local economic integration. It emerged during preparation of an industrial directory for the county in the mid-1970s that

only one company in three in the county was buying its goods and services locally.

The upshot was that the county council enlisted the support of the Manpower Services Commission, the Welsh Development Agency and the Polytechnic of Wales to build up a computerised business information system of practical day-to-day use to the business community.

Besides the Capacity Register, Indis also produces a regular Guides to Incentives and Services, a Product Register, and a Register of Product Users.

Mr Peter Davies, Indis' manager, reckons that some 10 per cent more business is now being generated locally thanks to the information base Indis has created for encouraging a switch in local industrial purchases to local suppliers.

Another measure of Indis' success is that three more Welsh counties — South and West Glamorgan, and Dyfed — have decided to participate. The database is now in the process of being expanded to take in the businesses within their county boundaries. There has also been a recent suggestion that the Welsh Development Agency should explore the possibility of financing Indis' expansion to cover the whole of Wales, again as an economy-strengthening measure.

ROBIN REEVES

GRIFFITHS LABORATORIES SPEND £1m ON OVEL PROCESS

Secret recipe for breadcrumbs

BRITONS consume 20,000 tonnes of breadcrumbs a year. Griffiths Laboratories, a Canadian company which is one of the world's largest breadcrumb makers, is spending £1m on a factory to manufacture a new kind of breadcrumb in the UK.

The factory in Somercotes in Derbyshire, ready by the middle of next year, will make a Japanese-type breadcrumb which has become very successful in the U.S. Food manufacturers, faced with a static food market, have been seeking ways of making their food products more appealing and found that a Japanese process produced an attractive coating. Not only did the products taste better but they could be baked in the oven instead of fried and the coating was smoother than the conventional bird seed-like covering found on fish fingers, for example.

Food companies found that the coating was ideal for poultry, either chilled or frozen, so opening up a new market for breadcrumb makers.

The problem with the manufacturing process was that it took 18 hours and nine separate stages to create a batch of breadcrumbs. The quality of the result could not be guaranteed because the process was subject to variations in the yeast and various process temperatures.

Griffiths Laboratories' Panko process cuts the time down to only 90 minutes with five stages and the breadcrumbs are produced on a continuous basis with consistent results. Though reluctant to reveal the precise details of the process Mr Graham Whittle, Griffiths' sales and marketing director, said that the process is based on a continuous extrusion of a par-

tially cooked crumb. The technique combines the baking and staling (where the yeast is prevented from further growth) stages in a continuous flow of dough through the factory.

Mr Whittle waxed lyrical on the outcome of the process saying that the crumb has "a delicate, splinter-like structure, making it crisper and lighter. Its splinters consists of a honeycomb of baked bread dough, and air, the honeycomb retaining oil after the flash frying process."

The £200m turnover company introduced U.S.-made breadcrumbs using its process four years ago and sales in the UK have risen to 5,000 tonnes a year. This has been additional growth in the breadcrumb industry without affecting the traditional crumb and has gone to provide coatings for poultry products.

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Semiconductors Evaluating designs

SEMICONDUCTOR chips, especially those of novel design, have to be evaluated before they can be designed into new circuits.

Harrier Microwave Semiconductors has therefore introduced two designer evaluation kits for the high-speed gallium arsenide integrated circuits now on the market.

One is for use with 32-pin medium-scale products, the other a 16-pin tester for use with small-scale integration devices.

The kits provide all the hardware and printed circuit board connections to demonstrate working gigahertz systems. Priced at £359 and £335 respectively the kits are expected to be most useful to designers working on telecommunications, fibre optics, instrumentation, high-speed computers and military systems. More on 0724 636787.

Computers Thinking systems

TEXAS Instruments, the major U.S. electronics manufacturer, is launching a computer to build "thinking" systems.

Called "Explorer system," and priced at \$82,000 upwards, the computer is derived from technology licensed from Lisp Machine Corporation and the Massachusetts Institute of Technology.

It will be an advanced symbolic computer for the development and delivery of applications based on artificial intelligence.

Explorer uses the LISP programming language and facilitates a high performance processor optimised for symbolic processing.

Executives are planned to start in April, 1985.

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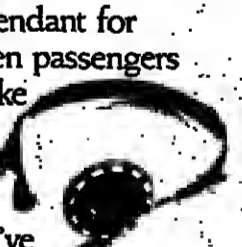
Make sure you've got French wine and champagne from Moët and Chandon. (Don't forget the cheese board and fruit basket.)

Make sure you've got a comprehensive selection of business reading material.



Make sure you've got an electronic headset and a pair of comfort socks.

Make sure you've got someone to fuss over you. (Only an airline with one cabin attendant for every ten passengers can make sure you've got that.)



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THE WEEK IN THE COURTS

The law on public accountability

PUBLIC administration as something apart from and above the law may appeal not only to ministers but also to bureaucrats invoking the parrot of "yes, minister" and "no, judge." But the accountability of public organisations and institutions to private individuals, associations and companies is no longer merely a matter for slogans and discussion in political circles.

It has become an ever increasingly prominent and established feature of the legal landscape. Historians in the future are likely to record the florescence of public law as one of the most notable developments in the English legal system during the 1970s and 1980s. An outstanding example of this recent tendency occurred at the beginning of this month when Mr Justice Mann delivered a reserved judgment in *Burgoin SA and Others v Ministry of Agriculture, Fisheries and Food*.

In his judgment he made rulings on a preliminary issue arising in litigation between various French companies on the one side and the ministry on the other which resulted in a ministerial decision allegedly harming those companies.

On September 1, 1981, the ministry revoked a general licence authorising the importation into the United Kingdom of French turkeys and turkey parts. A decision of the European Court of Justice in Luxembourg invalidated this ministerial act by ruling that in revoking the licence the ministry had contravened its obligations under Article 30 of the Treaty of Rome, an article prohibiting quantitative restrictions on imports.

The French companies brought proceedings in England claiming damages against the ministry. The basis of their claims was threefold: breach of statutory duty; commission of an innominate tort; and misfeasance in public office.

The preliminary issue constituted an attempt by the ministry to nip the proceedings in the bud by asserting that the companies' claims disclosed no cause of action known to English law.

Mr Justice Mann's decision brought the ministry little consolation. He ruled that the claim for damages in respect of an innominate tort was obsolete and therefore disclosed no cause of action, but that the companies' statement of claim disclosed a cause of action for breach of statutory duty and misfeasance in public office.

The impact of Europe on England is manifest in his judgment. He followed two decisions of the European Court of Justice. In one, *NV Algemene Transport- en Expeditie Onderneming van Gend and Loos v Nederlandse Administratie der Belastingen* the individual was entitled to sue European Community officials in a national court for protection against breach of an article in the EEC Treaty if that particular article created individual rights which national courts must protect.

In the other, *Innesit and Volpi SPA v Ditta Paolo Meroni*, the European Court decided that Article 30 created such individual rights.

The ministry's argument was that a claim for damages was not an appropriate form of protection for an individual who alleged an infringement of his rights under that article. The only available and appropriate remedy was an application for judicial review by way of declaration, not proceedings for damages. According to the ministry, this was an adequate way of enforcing whatever rights the companies had.

Mr Justice Mann disagreed. A declaration gave insufficient protection, because an English court could not grant an interim declaration to preserve the status quo or to safeguard the French companies against any loss or damage caused or occurring between the date the proceedings began and the date of judgment at the trial.

Furthermore, the duty of the English court was not to decide what remedy would achieve the object of Article 30, but to decide and apply whatever remedy would effectively protect any right conferred by the article and would effectively deter any breaches.

Mr Justice Mann saw no reason in principle why a person who alleged a breach of duty in contravention of Article 30 could not start whatever proceedings he thought appropriate, whether by way of a claim for damages or by way of an application for judicial review. In his opinion, both types of proceedings were available. He rejected the application of any narrow doctrine of "exclusivity" or "either/or" in this context.

However enlightened this may be as an approach to the problems of litigation, it remains to be seen whether the Court of Appeal or the House of Lords will concur with this aspect of Mr Justice Mann's judgment, whether as an expression of legal principle or as a correct application of any previous findings.

In support of his ruling that the French companies were entitled to continue proceedings for damages for breach of statutory duty in respect of the alleged contravention of Article 30, Mr Justice Mann cited a House of Lords case in which a contravention of Article 86 was held to give rise to a cause of action for breach of statutory duty. *Garden Cottage Food Ltd v Milk Marketing Board*. He rejected an attempt on behalf of the ministry to distinguish the legal effect of a contravention of the two different articles.

Because the ministry's earliest statement of claim disclosed a cause of action for breach of statutory duty, the claim based on an innominate tort was obsolete, and in this respect, the statement of claim disclosed no cause of action.

The phrase "innominate tort" offends the canons of euphony and lucidity, but there may be situations in which the needs of justice can be met in no other satisfactory way. The law should not hinge on labels.

The ministry disputed the legal sufficiency of the allegations of misfeasance in public office because no allegation was made that in revoking the licence the minister intended to

Appeal over breath tester threatens legal chaos

DRINK-DRIVING law chaos is threatened if the High Court decides this week to uphold a London stipendiary magistrate's ruling that the Intoximeter 3000 breath-test was introduced illegally.

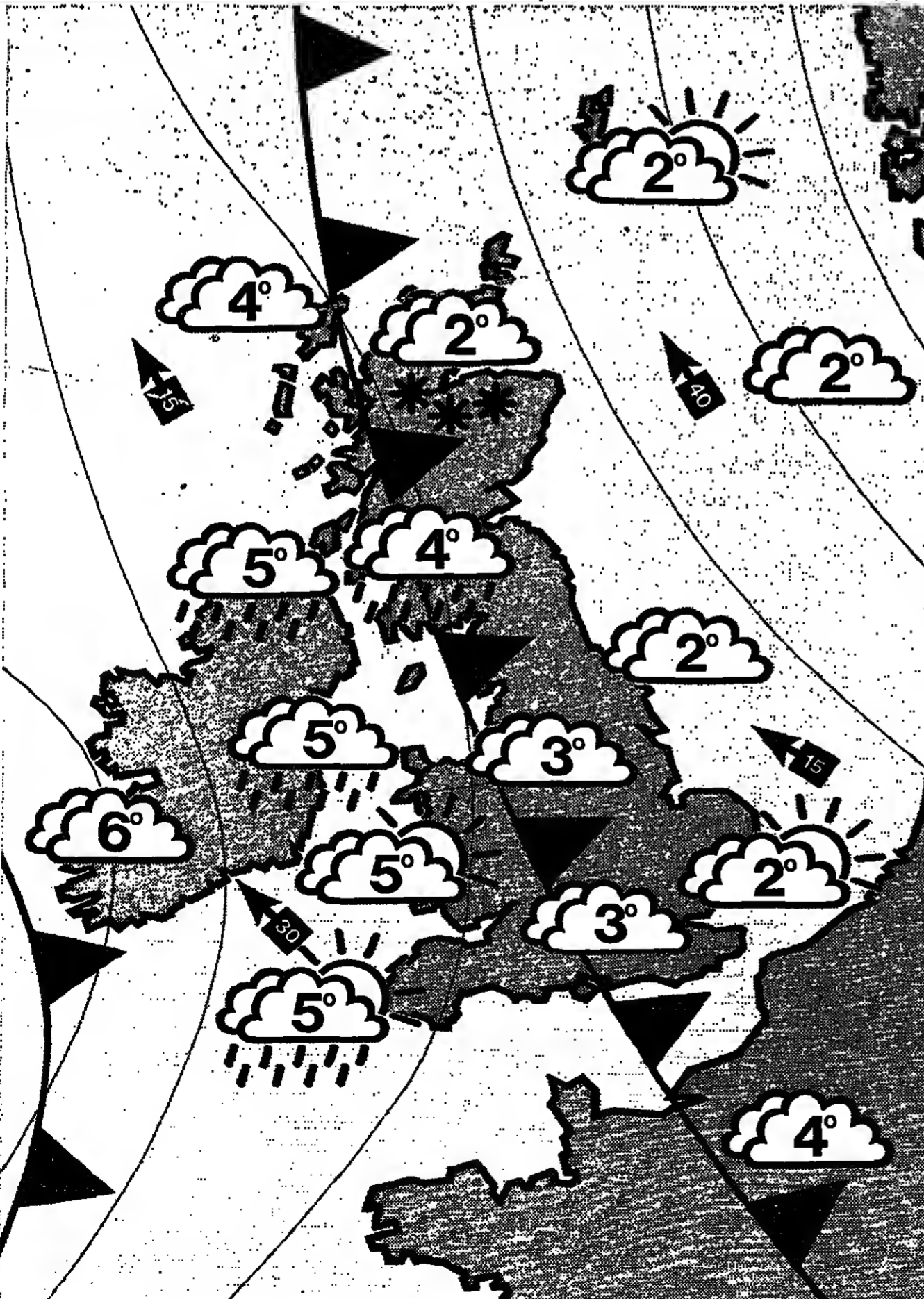
Tomorrow Lord Lane, Lord Chief Justice, will be asked to say, in an appeal case brought by Scotland Yard, whether a former Home Secretary, Mr William Whitelaw, exceeded his powers when he approved use of the device just more than a year ago.

About 83,000 motorists have been convicted on drinking and driving charges after electronic print-outs of breath-alcohol levels from the device proved positive.

All could appeal against conviction, causing administrative chaos in the legal system, if it is found the Secretary of State acted unlawfully.

The issue follows the recent decision at Wells Street Court, London, by Ms Audrey Jennings, a stipendiary magistrate, to dismiss a case of failing to provide a breath specimen brought by police against Miss Maureen Harrigan, 20.

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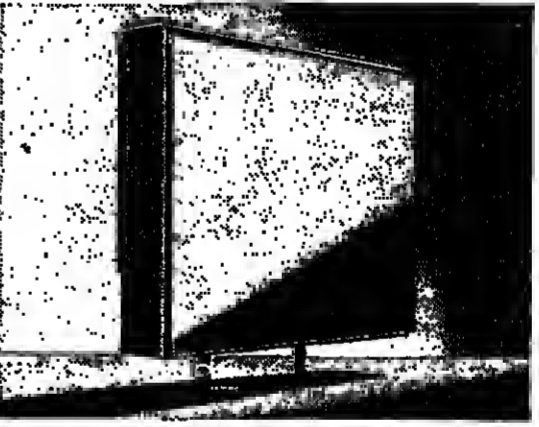
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BUILDING CONTRACTS
Over £8m spread of work for Fairclough Building

FAIRCLOUGH BUILDING has secured a £1.5m contract from St Martin's Property Investments to construct the Cotons sub-structure as part of phase one of the London Bridge City development stretching between London Bridge and Tower Bridge. Work has started. Fairclough has also started a £1m-plus programme of repairs, modernisation and remodelling in 61 flats in Chamberlain House on the Ossulton Estate in the London Borough of Camden. The contract for completion in 1985, includes installation of a passenger lift and the renewal of all mechanical and electrical services. The client is the Greater London Council.

The new Worcestershire Clinic in Droitwich is to be constructed by Fairclough Building under a £3.5m contract from GM Health Care. On St Andrew's Road, the clinic is a virtually self-contained hospital. It will house two operating theatres, X-ray and physiotherapy suites, treatment rooms, and 30 single-bed wards with en-suite bathrooms. In addition, Fairclough will design and construct a hydrotherapy pool, natural brine from the spa's salt springs. Scheduled for completion in April 1985, the clinic is a two-storey structure based on a reinforced concrete frame with brick cladding and a traditional

tiled pitched roof. Fairclough has won a £1.4m contract to design and construct the UK headquarters for Hilli (Great Britain) in Trafford Park, Manchester, on the same site as the new Hilli distribution warehouse. Consisting of four floors of offices with a service floor at the lower level, it will be built as a reinforced-concrete insitu frame with concrete floor slabs, brick cladding and pitched roof, for completion in the summer of 1985.

Norwest Holst wins orders for pipework and construction

NORWEST HOLST plant construction and pipework services companies have begun work on a contract worth £1.7m for British Steel Corporation, British Gas Corporation and British Pipeline Agency. Plant construction is working on two contracts for the schistab complex. Two-storey office building and factory unit, to be occupied by Bradbury Wilkinson. Work is due for completion in June next year. BPA contract is for alterations at 54 locations to a 12 inch pipeline running between Killingholme and Ravcliffe, in North East. North West Gas awarded contracts for laying about 4 km of 450mm and 200mm pipeline at Worsley near Manchester. The 300mm pipeline is laid through peat and there are two crossings of major water courses. The section of 450mm pipeline includes a shunt chest in just under a year. Man-made structures for a 200mm pipeline is to lay 2.2 km of 300mm diameter ductile iron main for the Tydiesley-Worsley connection.

Four orders for Willett

WILLETT has four contracts in London, the South and South West. The first is a £1.2m project at Burlington Road, New Malden where Willett is to carry out a £1.5m design and build contract for Trafalgar Brookmount. The schistab complex. Two-storey office building and factory unit, to be occupied by Bradbury Wilkinson. Work is due for completion in June next year. BPA contract is for alterations at 54 locations to a 12 inch pipeline running between Killingholme and Ravcliffe, in North East. North West Gas awarded contracts for laying about 4 km of 450mm and 200mm pipeline at Worsley near Manchester. The 300mm pipeline is laid through peat and there are two crossings of major water courses. The section of 450mm pipeline includes a shunt chest in just under a year. Man-made structures for a 200mm pipeline is to lay 2.2 km of 300mm diameter ductile iron main for the Tydiesley-Worsley connection.

THOLLOPE & COLLIS (CITY) Housing Association (£585,000); residential and commercial development at Hatherton Road, Walsall in association with Caldmore Area Housing Association comprising of Day Centre for the visually handicapped and 28 one bedroomed flats (£599,000); and modernisation of 64 homes at Burton Crescent, Wolverhampton for Wolverhampton Metropolitan Borough Council (£883,000).

BALFOUR BEATTY CONSTRUCTION has contracts in the North and Scotland worth over £1m, including a £475,000 contract for Peterlee Development Corporation for eight factory units work for the North Eastern Electricity Board at Thornaby valued at £265,000 and an £80,000 contract awarded by Bine Circle Industries at Middleborough. In Scotland British Airways has awarded two contracts in Glasgow totalling £127,000 for refurbishment of shops to form a new ticket sales shop, and conversion and modification of administrative offices.

KENDRICK CONSTRUCTION has contracts totalling almost £3m, which include improvements to 78 homes in Beddows Road, Walsall, for Walsall Metropolitan Borough Council (£22,000); 30 residential houses at Palsall Lane, Rushall, for Caldmore Area

APPOINTMENTS

Two join board of British Steel

The Industry Secretary has appointed to the board of the **BRITISH STEEL CORPORATION** Mr Martin Llewarch as full-time member of the corporation in addition to his present duties as managing director, finance of, BSC, and Mr Alan Wheatley as a part-time member. Mr Wheatley is a senior partner of Price Waterhouse and deputy chairman of Cable and Wireless.

Richard Anthony Brookes and Mr Robert Westley Powell have joined the board. Mr Tolley is succeeded as chairman by Mr H. F. Lowe, managing director of Brintons. Mr John Pilling becomes a director of Brinton Telford, and Mr E. P. Gardner is appointed company secretary designate of Brintons.

NORWICH UNION FIRE SOCIETY has created two new divisions to deal with branches and underwriting. Under the re-organisation Mr Bill Utting is promoted to assistant general manager (branches); Mr Brian Bannock becomes assistant general manager (underwriting), responsible for all aspects of underwriting policy, claims and administration within the UK and Republic of Ireland. From January 1 1985 the existing fire and accident insurance executive and Mr E. S. Sarter of the international production and marketing division to the positions of managing directors.

ALEXANDER HOWDEN REINSURANCE BROKERS has promoted Mr R. M. Eorton, Mr C. Freshwater, Mr A. W. MacDonald and Mr E. S. Sarter of the international production and marketing division to the positions of managing directors.

Mr R. D. Raywood has been appointed divisional managing director of AE's turbine components division, which comprises AE Turbine Components and Cannon and Stokes. Mr K. B. Evans has been appointed managing director of Wellworthy, another member of the group. He has been manufacturing director since 1980.

Following the retirement of Mr Terence Tolley as chairman of **BRINTON TELFORD**, Mr Mr Chris Tinning has been appointed managing director of **REED EXHIBITIONS**, a

held by LTA. Mr Michael F. Kent has joined the board and Mr M. T. Ridley, LTA's nominee, has resigned.

THE LITTLEWOOD'S ORGANISATION has appointed Mr William Bentley as group management services director. He is director, customer and marketing services (UK) with Sperry Computer Systems and joins Littlewoods on November 1.

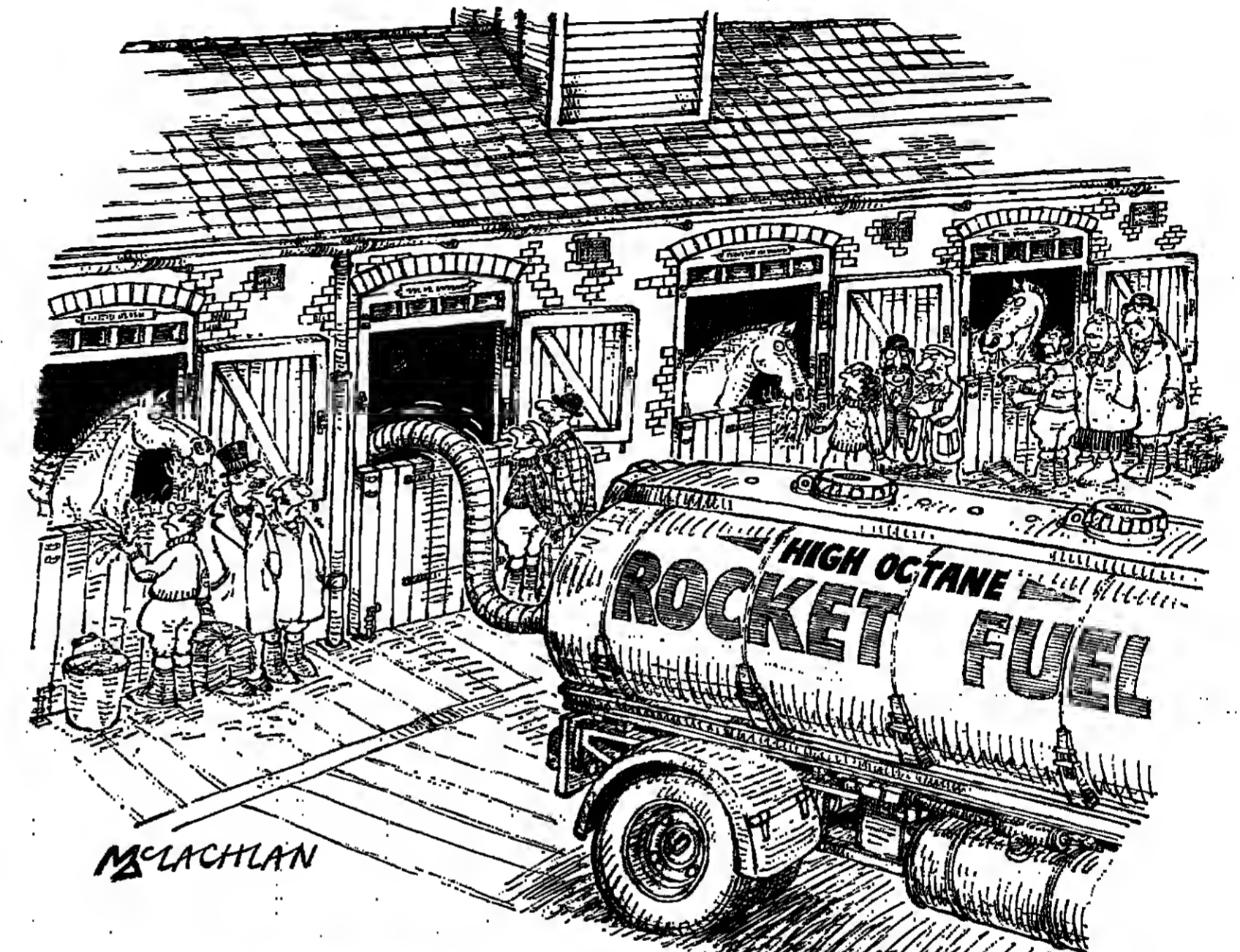
SUN ALLIANCE INSURANCE GROUP has appointed to the boards of Sun Alliance and London Insurance and its principal subsidiaries Mr D. B. Money-Coutts, deputy chairman, and Mr K. Wilkinson, a director and deputy chief general manager of Phoenix Assurance.

YATES BROTHERS WINE LODGES has appointed Mr John D. Bee as group financial director. He was previously a partner in his family firm of accountants, T. and H. F. Bee,

who have acted as Yates' auditors for over 80 years and became part of Thornton Baker in 1978. Mr Michael C. Lewis has been appointed operations director. He joined Yates Brothers as operations manager in 1982.

Mr Phillip Clark has resigned as a director of Associated Lead Manufacturers in Newcastle to join Rudolf Wilm and Co, where he will co-ordinate trade leading programmes and handle physical metal business. Mr Clark has been with ALM for 30 years and is well known in LME circles. His main responsibility in recent years has been in physical trading but he occasionally traded in the Ring when ALM were Ring dealing members of the Exchange.

The following appointments have been made in **MCCORQUODALE SECURITY PRINTERS**: Mr Roy Carter as managing director; Mr Ian W. Willis commercial director; Mr Nigel J. Richmond finance director; Mr Arthur Morris production director; Mr W. (Bill) J. Parkhurst deputy production director; and Mr Ray Rodford technical director.



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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Castrol

A market-led revival

Ian Hargreaves reports on the UK oil company's strategy

DIAL SWINDON 80151 and a voice answers: "Burmah. Castrol." This is odd since, strictly speaking, Burmah-Castrol does not exist. Burmah-Castrol UK is merely one of 200 subsidiary operating companies of the Burmah Oil group whose telephone number is Swindon 80151. Burmah's other interests include Halcrow bicycle shops, Rawlplug wall fixings and Quinton Hazell motor components.

At Burmah's parkland headquarters, many other symbols of Castrol's pre-eminence in the group's affairs strike the visitor. Above the main entrance door flags flutter — one the blue and red of Burmah, a second, Castrol's green and white. There are two executive dining rooms — the Carrill Room, named after the Scottish adventurer who in 1886 founded Britain's oldest oil company, and the Wakefield Room, in memory of the former Lord Mayor of London who diversified from railway oils to motor oils and in 1909 invented the brand name Castrol.

There is good reason for Castrol's special status. Last year, along with a small petrol retailing business, it contributed 88 per cent of Burmah's operating profits. The year before, the figure was 89 per cent. Burmah is one of the very few oil companies in the world which makes more money downstream than it does from its upstream production of crude oil.

In the decade since Burmah's financial crash, Castrol's cash has done more than anything to impart a sense of security and continuity in the group's affairs. But the very solidity of the image has concealed the stagnation of Castrol's profitability and the fact that the company has been undergoing radical change.

According to Lawrence Urquhart, the ex-Shell man who switched from being Burmah's chief director to the chief executive's job at Castrol in 1982, Castrol's problem was lack of direction.

"The company worldwide was going nowhere. There was almost a recognition that it was yesterday's business, operating in mature sectors. The exploitation of existing markets and products was the name of the game. Diversification and

strategic expenditure were not the name of the game. Castrol was on a gentle decline to becoming a cash cow." The evidence for this analysis, although hardly the biggest worry on the minds of Burmah shareholders, was evident in the results. Operating profits of the lubricants and fuels division of Burmah were £51.2m in 1981, £49.1m in 1982 and £49.2m in 1983.

This plateau was caused partly by the decline in Castrol's markets following the 1979 oil crisis. Demand for motor lubricants in the developed countries fell by between 20 and 30 per cent between 1979 and 1983. The market has since resumed a trend of very slow growth, linked to a rise in the

market share had peaked in some countries, such as the UK and Malaysia, where it stands at around 30 per cent, there was plenty of room for growth in other, potentially very large, markets such as the U.S. and Japan.

That on the industrial side, Castrol possessed both the technology and the marketing skills to discover new product niches and to spread more effectively the knowledge gained in one country and market niche throughout the group.

The first major application of these ideas, or perhaps the place where Castrol discovered the first element in its strategy, was the U.S. — a country Castrol had entered in search of supplies of oil at the time of the first oil crisis. In 1978 Castrol recruited what its executives still refer to as a "Procter & Gamble type team" to launch itself as a producer of premium-price oils, led by the famous (elsewhere) Castrol GTX brand.

The approach was indeed pure Procter and Gamble: careful research, testing of both product and message in small sections of the market, before moving on to larger areas; and, eventually, from last year, a national campaign — the bulk of it conducted through intensive TV advertising.

The initial advertising pitch was rough, tough, direct product comparison stuff, directed at the two market leaders — Pennzoil and Quaker State. But beneath the harsh lay a careful theme: that Castrol is the right oil for high-revving engines of the smaller cars which by 1979 were sweeping the American auto market.

Today, Castrol claims 7 per cent of the U.S. market. "We still cannot tell where the top is," says Neville Farebrother, the Australian who now directs Castrol's western hemisphere operations. The aim, he says, is to take Castrol to number three in the market, ahead of Valvoline and Texaco, by 1988.

By and by this success, Castrol decided to use the same approach in Japan, where in the early 1970s an initial bid to bypass the Japanese trading houses and sell direct into small car dealer and forecourt network had failed.

The Japanese market is different from the U.S. in that half of it is held by the so-called "genuine oils" of the

car manufacturers, whereas in the U.S. 70 per cent of motor oil is sold through chain stores. But the remaining 30 per cent of the Japanese market — specialist auto accessory shops, general merchandisers and imported car dealers — offered opportunities.

Market research established that Castrol was best known in Japan among younger people with an awareness of motor sports. The decision was made to go for the specialist shops, backed by heavy TV advertising and outlining outwards from small target areas of one country.

Since its launch in 1982, Castrol has picked up 1 per cent of the motor oil market and now thinks it may be on course to reach 5 per cent, "the operation is already breaking even."

Looking back, says Mike Dearren, who joined Castrol's central marketing and planning division in 1980, after spells with IFA Management Consultants, Castrol had got its act together without any systematic international approach to marketing. Market information tended to be a compilation of salesmen's reports.

Loosely, he says, Castrol is still a long way from having its own marketing manual, in the way that some U.S. companies do, but he thinks there is a more integrated approach, but still leaving room for improvisation.

"We really want our operating companies to look at their markets and to make their minds up what to do. Our job is to provide support from the centre," he says. So there is no global Castrol advertising slogan and no group-wide rules about advertising spend, which varies from one per cent of turnover in Norway to almost 10 per cent in the U.S.

TV is used heavily in breaking open new retail areas. Castrol is now in the process of deciding how to boost its sales in France. The choice, says Dearren, is for a TV-supported blitz on the hypermarkets or to have one more patient go at the garage and petrol stations dominated by the large oil companies.

The other major segment of Castrol's business, which accounts for about 60 per cent of turnover, is industrial products which present an entirely different marketing problem.

Here, says Dearren, Castrol has identified an approach based upon solving customer problems. That means having the salesman on the doorstep, backed up by strong technical advice, at exactly the right moment.

A favourite Castrol success story in this area is Consulta Chemie, a tiny, highly specialised German oil company which is one of five acquisitions made by Castrol in Europe in the last four years.

Consulta discovered a formula for a soluble oil widely used in the metalworking industries which, unlike similar products, did not sustain smelly, unhygienic bacteria when warmed up. This product, Syntio-R, bought in 1981 along with another, is now in use in car plants all over Europe.

"This approach of 'edging out' into new product areas is likely to feature in the U.S. strategy in the next few years, as well as in markets in South America, Europe and the Pacific Basin. One move already under way is to set up a company in the U.S. and Japan and to formulate them into a corporate strategy. Remarkable though it may seem, the five and ten-year strategic

plans completed last year at Castrol HQ were the first such documents in Castrol's recent history.

The effect, say Castrol executives, has been to banish memories of the period in the 1960s and 1970s when an ambitious Burmah tried to run Castrol's international operations through the parent company's own foreign-offices, which had the effect of fragmenting Castrol.

"The centre has recognised its own responsibilities," says Urquhart. "We have more chiefs and fewer Indians."

Across the world, Castrol does also run head on against the major oil companies, whose products are every bit as good as Castrol's and whose resources are beyond Burmah's dreams.

According to Mike Dearren, the industrial lubricants market is too finely structured and specialised for the slow-footed oil majors, who tend, he says, to use their lubricant divisions as a rung on the management career ladder and so lack both the commitment and the craftiness born of experience of a company like Castrol.

In the motor oil business, although the majors are strong and in some countries unshakable on the petrol station forecourts, they have not so far certainly tackled the retail store market. That, like attacking the industrial oils market, would require a degree of marketing finesse which thus far they have not displayed, as well as a willingness to allow general merchandisers to compete with their own petrol stations.

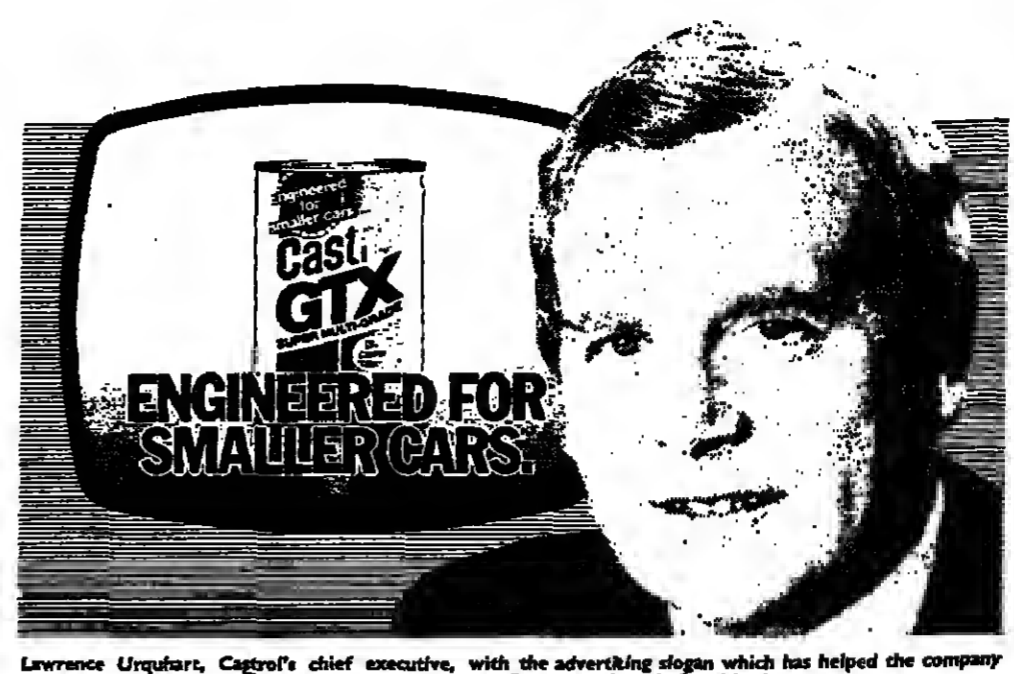
That may not be likely, but if the recent history of Castrol demonstrates one thing it is that old dogs are not beyond new tricks.

Although there was a grain of truth on both sides, the gap between them has narrowed in the last few years, says Roger Hampson, principal of the Loughborough College of Art and Design, but the relationship was still in need of improvement.

The government's backing of this campaign comes hard on the heels of a doubling to £20m of its budget for the design advisory service funded consultancy scheme, which allows companies to use design experts free of charge for a limited period. It is also discussing assistance to the Royal Society of Arts to launch an industrial placement scheme for 200 top design graduates.

*BTEC, Central House, Upper Woburn Place, London WC1H 0JH. Tel: 01-388 3238.

Christopher Lorenz



Lawrence Urquhart, Castrol's chief executive, with the advertising slogan which has helped the company pick up 7 per cent of the U.S. motor oil market within six years

Backing for designers in industry

AS THE latest phase in its campaign to promote the use of design in industry, the British government is backing a drive to persuade more companies to offer work experience to advanced design students.

A six-week series of promotional meetings in seven cities, under the theme "Design by Experience", is now under way. Meetings will be held in London, Newcastle, Leeds, Cardiff and Birmingham.

Launching the initiative, which has been organised and financed by the Business and Technician Education Council, Peter Brooke MP, the Junior Education Minister, appealed to employers to take several design students each for up to six weeks a year. "There would be a three-way benefit," he argued: in industry, to the students themselves, and indirectly, to the quality and relevance of design education.

One of the recurrent complaints from companies about design graduates has been that they tend to be ill-prepared for work in industry; not only that they are often ignorant of commercial and managerial realities, but that they are reluctant to work to tight specifications. On the other hand, many design colleges have claimed that companies simply do not know how to use a well-trained designer.

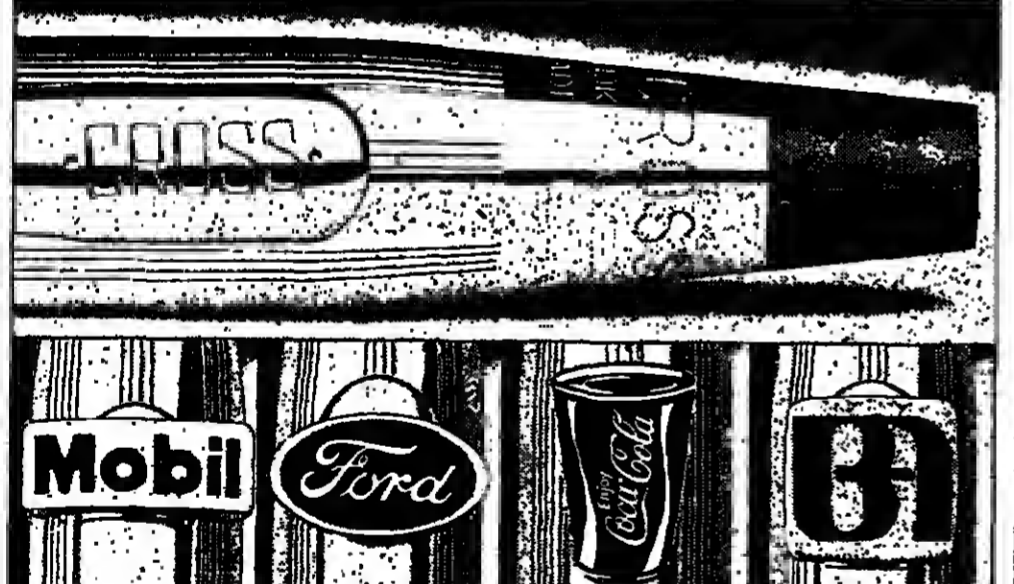
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Christopher Lorenz

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In accordance with the Terms and Conditions of the Notes to be issued, notice is hereby given that in respect of the Interest Period from October 5, 1984 to January 7, 1985, the Rate of Interest has been determined at 12 3/4% per annum. The interest rate in respect of the Interest Period, January 1 to April 5, 1984 has been determined at 11% per annum, for the Interest Period from July 5 to October 5, 1984 at 13 3/4% per annum.

London, 5 October, 1984
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GUARANTEED FLOATING RATE NOTES DUE APRIL 1985

In accordance with the provisions of the Notes, notice is hereby given, that in respect of the Interest Period from October 5, 1984 to January 7, 1985, (the "Interest Period"), the rate for the first Interest Period from October 5 to November 5, 1984 has been determined at 12 3/4% per annum and the amount of interest accrued at 12 3/4% p.a. on US\$10,000 nominal amount is US\$1,262.50. The rate for the second Interest Period from January 7 to April 5, 1985 will be determined at 12 3/4% p.a. and the Coupon Amount of U.S. \$1,000 will be payable January 7, 1985.

5 October, 1984
 THE CHASE MANHATTAN BANK N.A. FISCAL AGENT

THE ARTS

Architecture Colin Amery

Mods and Baroque

There can be no doubt that the country house has become a growth industry. There is a large gang of scribes plotting every move of the owners and usually much more...



A new house for a modern architect: Castle Gyra by John Taylor

that only now is to be found in a few architectural practices. The new house built for the fifth Duke of Westminster on the site of the demolished Victorian Eaton Hall is an interesting study...

Bloody Poetry/Leicester Haymarket

Michael Coveney

Fire and water, explosions and squalls, these are recurring elements in Shelley's life and art. At the end of Howard Brenton's new play, Byron attends the cremation on the Viareggio beach. He delivers an oration: "Burn him. Burn him all. A great big hissy..."

Fool for Love/Cottesloe

Michael Coveney

In New York, I found Sam Shepard's Fool for Love a strange, bewitching, shattering, dead-of-night sort of play. The author had directed it above all I remember the physical enormity of Eddie and May, angels with dirty faces, locked in a sibling impasse of incestuous recrimination...

Frogs legs and the French film industry

"Paris est complet, mon seigneur." The chilling words rang out from the hotel accommodation in the motorway 50 miles outside Paris. Packed out by the Salon d'Automne, the city had no room for me at any hotel.

talented new French directors. Surely the glory of the French New Wave lies in the 60s and 70s that directors were forced by lack of capital to invent a new kind of cinema? To shoot on the streets, with shoestring budgets, creating a new movie language as they went along?

world-wide fame in Un Homme Et Une Femme, still likes Lolouch's film-making methods, which strike the large veins of the Nouvelle Vague. "He won't show you the complete script," the baggy-corduroy star told me as we stood on Poilly's 1940s-dressed railway station in the shadow of a wheezing WW2 vintage steam train.

the French New Wave was its hang-up-to-date-ness. Even when Gerard Philipe's Les Destinées, which struck the large veins of the Nouvelle Vague, the gangster film in Brechtless, the MGM musical in Une Femme Est Une Femme—the rest of their clothing and gestures were brand new. But even the French directors who cite a ripple of expectation today, like Jean-Jacques Beineix of Diva, seem mired in borrowed or beautiful style.

Nigel Andrews searches for signs of life in the French cinema.

"auteurs," he said, "they are all fine, but they do not provide the commercial base for French cinema. They never did, the Godards and Truffauts and Rohmers. You know, there are people abroad who think all Frenchmen eat frog's legs. But in 99 per cent of French restaurants you won't even find frog's legs on the menu!

The Diamond Body/Bush

Martin Hoyle

The Dublin-based ensemble Operating Theatre is currently at Shepherds Bush where, to judge from the friendly interest evinced by the Hibernian staff in the pub downstairs, they may find a home from home.

Arts Guide

- Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday. PARIS: Felicity Lati, soprano, Graham Johnson, piano...

A Strindberg opera/Berlin Festival

Max Loppert

Arilbert Reimann, not yet 50, is Germany's leading opera composer. The description is rather less grand than it may seem, for in neither West nor East has he been deemed a flourishing art (Stockhausen's grandiose series of theatrical Days hardly count as operas in any conventional reckoning).

conductor of the Junge Deutsche Philharmonie ensemble was Friedemann Layer. In the opera house proper, the Deutsche Oper celebrated the festival with among other things the inauguration of a new Ring produced by the house Intendant G87 Friedrich. To a London operagoer well acquainted with Friedrich's first go at Das Rheingold, the second was a surprise.

FINANCIAL TIMES BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Guy de Jonquieres sets the scene for the Government's flotation of British Telecom

Mr Ridley's failure

THE SADDEST sight last Friday was of Mr Nicholas Ridley, the Transport Secretary, describing his White Paper on airline competition policy as an "almost ideal" blueprint for British civil aviation.

East Germany's 35-year itch

YESTERDAY East Germany celebrated a milestone anniversary. Thirty five years ago it was transformed from the Russian occupation zone into the German Democratic Republic.

AFTER MONTHS of intricate and often feverish preparations, the Government is getting ready to press the firing button, hold its breath and — it hopes — smoothly into orbit as an independent privately-owned enterprise.

Countdown for the biggest share sale ever

WITH A PROFIT of £990m on £6.9bn turnover last year and about 240,000 staff, British Telecom operates one of the largest businesses in Britain.

on computer-controlled networks will replace conventional telephone traffic as the main source of the organisation's revenues.

Some of its muscle-flexing, however, is proving controversial. Its proposal to set up BTM, the world's largest computer manufacturer, to launch a sophisticated data network has provoked anguished protests from much of the UK electronics industry.



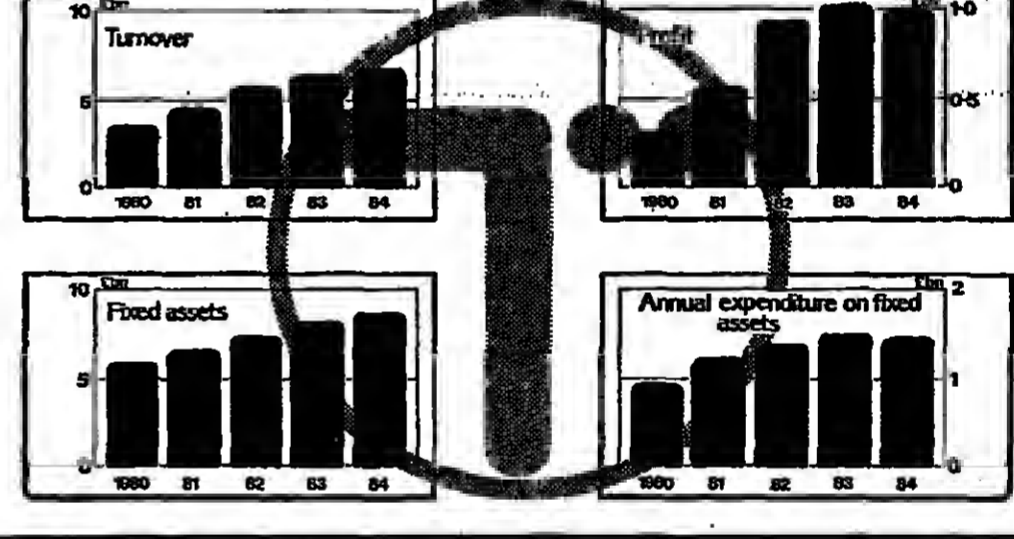
Whitehall. It has successfully fought off earlier Government proposals to sell it off in pieces, secured an acceptable capital structure and obtained an operating licence which appears unlikely to be seriously compromised by its commercial freedom.

Office in 1979. Senior management has also been strengthened by external recruitment. The split between the responsibilities of central headquarters and the newly-developed business units is not always clear, while precise demarcation lines between some of the main operating divisions are still being drawn up.

Its management is still striving, too, to gain a grip on basic financial information about its operations. In spite of a crash programme to install modern accounting systems, it will not be able to provide in the flotation prospectus more than the rather notional breakdown of segmental profits which it has published in past annual reports.

The formula covers less than 60 per cent of BT's turnover and will allow it to continue raising charges for unprofitable residential service faster than for lucrative long-distance services.

Ironically, absence of competition in the short run may be BT's Achilles heel in the longer term. Senior managers are keenly aware that if it stays too 'jealously' to its former monopoly position, political pressures may mount for tougher public communication controls on its commercial freedom.



New friends for Mickey Mouse

Watch out Mimmie, Mickey Mouse has found a new friend. His name is Sid Bass, the 42-year-old leader of the hugely wealthy Texas brothers.

Men and Matters

if the rest of the company is liquidated within a year — and the proceeds distributed to shareholders.

Culinary Thesis

A silver spoon is not the only tool to prosper, claimed Welsh secretary Nicholas Edwards during his visit to Tokyo.

IMPORTANT NOTICE TO HOLDERS OF 4% CONVERTIBLE DEBENTURES OF AM INTERNATIONAL, INC.

This Notice is to advise holders of 4% Convertible Debentures due 1988 of AM International, Inc. ("AMI"), formerly Adco International Corporation, of the procedure for surrendering their debentures in order to receive the distribution due them under AMI's Plan of Reorganization ("the Plan").

Observer

AFTER THE summer lull, Europe's defence debate is once more gaining momentum. Last week's report of the apparent lessons of its 1983 electoral defeat, the opposition Labour Party voted for unilateral nuclear disarmament and the election of American nuclear bases from Britain. On the same day, in a widely-reported speech, Mr Michael Heseltine, UK Defence Secretary, called for much greater European collaboration in arms procurement, even if it causes pain to some entrenched national interests and traditions. And in three weeks' time in Rome, foreign and defence ministers from seven European countries held their first-ever joint meeting of the Western European Union Treaty Organisation, to see what can be done to strengthen the European end of the Atlantic Alliance.



Mr Manfred Wörner (far left), the German Defence Minister, and Mr Michael Heseltine, his British counterpart, visiting Nato's "Lonecat" war-games in West Germany last month

Foreign affairs: defence collaboration

Why nit-picking is not enough

By Ian Davidson

As of this moment, it is beginning to look rather doubtful that the Rome meeting will advance the debate very far beyond the previous meeting of WEU, in Paris in July. The governments agreed to table some precise proposals for future action, but so far nothing very useful has been received at Council headquarters in London. There is not to say that even a slightly vacuous Rome meeting would be without significance: the mere fact of gathering 14 European ministers together to discuss the problems of European security will be, by itself, a symbolic political act, sending a message to Washington (among other places) that their governments recognise the seriousness of the problem, even if they have no neat blue-print for dealing with it.

view of the European Community — and of their obligations in Nato if it comes to that; and from the Greeks, who take a minimalist view of almost everything except their hostility to the Turks. These institutional debates, it may easily be deduced, are merely a smokescreen. The real problem is not where you meet, but whether you can agree on the seriousness of the European defence issue and the reason for meeting at all. Here, there is a clear league table of intensity. The French and German governments both believe a stronger European defence is a high priority, and for two years they have been holding wide-ranging discussions on the subject. The British Government thinks there may be something in the idea (indeed Mr Heseltine's support for arms collaboration), but is worried about upsetting the Americans and sceptical of any philosophical innovation. The Italians don't want to be left out; the Dutch prefer the cosy familiarity of Nato, in case any European revisionism should expose the political divisions which constrain their Nato commitments. On balance, then, most Euro-

pean countries would feel more comfortable with marginal modifications of the status quo than with anything which risked upsetting the apple-cart. A characteristic view, as exemplified in the Heseltine speech, is that one of the purposes of a European get-together is to persuade the Americans that the Europeans really are pulling their weight in the Alliance; not to pull stronger, but to mount a sales campaign. Now there may be a short-term advantage in a sales campaign. But there are structural reasons why more will be required. Some of these reasons are set out at length in a forthcoming article in International Affairs by the director of Chatham House, and three of his colleagues. But they are subsumed under three broad headings.

The first heading is the general commitment of the U.S. to the defence of western Europe. European countries have long based their defence policies on the assumption that the Americans would be with us permanently; but given the facts of history and geography, this has always been a questionable assumption. For well over a decade, Americans have been expected to defend rich Europeans against poor Russians, and the question is once again becoming insistent, with the Nunn-Cohen moves in Congress to reduce U.S. troops in Europe if the Europeans do not step up their own defence efforts. It is all very well for the Europeans to conduct a sales-campaign; to point out that during the 1970s, European defence spending was rising when U.S. spending was falling, or to claim that Europe provides most of the forces for its own defence. These arguments will count for little if the pressures of the budget deficit compel the Americans to review their European commitments.

aware, the word "Europe" was not once mentioned in the party's defence debate. On the other hand, most European governments have and will continue to have, difficulty in persuading their electorates that the existing defence set-up is secure and reassuring. The WEU meeting will no doubt publish a self-congratulatory declaration, but this is unlikely to impress voters if they believe that existing arrangements, and therefore existing structural problems, are to remain essentially unchanged.

Now arms collaboration and standardisation is a fine cause; it may impress the U.S. Congress, and it might make some contribution to reducing dependence on nuclear weapons; but it is a racing certainty that a bit more of it will not restore a political consensus in Europe. A political problem requires a more political solution than that. What that political solution should be cannot be neatly defined. But it is probably significant that France, whose original anti-nuclear and whose nuclear weapons are not even officially assigned to Nato, is also the only member of the Alliance not to suffer from a significant anti-nuclear protest movement. Moreover, it is clear that the rise of the protest movements in other countries has been motivated by the Alliance's dependence on nuclear weapons as such — in the 1970s these movements were negligible — than by anxieties over Europe's dependence on an Americano-distrust whose policies it distrusts.

It is probable, therefore, that popular consensus will not be restored unless European voters can come to believe that their governments are playing a bigger role in the political management of the security of the Alliance. This can only come about if European governments, starting with the irreducible core-group of France, Germany and Britain, take a strategic political decision to put a much higher priority on the development of common positions on defence and security issues.

So far, only the French and Germans seem to be thinking in these terms. The British, who have mislaid their strategic relationship to Europe so many times in the past seem determined to marginalise themselves once more, dithering between a sort of sub-Gaullism and a traditional Nato-oriented immobilism.

Lombard

Time to channel our energies

By Nicholas Colchester

THE MOMENT for the cross-Channel link has surely arrived. In both Britain and France ministers sit sweaty-palmed in their inability to do anything about mounting unemployment. There are 2.3m jobless in France and the country's industrial shake-out has been late in starting and has some way to go. Several years of vigorous shaking have created 3.5m unemployed in the UK but the long-awaited price-rise-jobs subsidy stubbornly refuses to manifest itself. A cross-channel link is, of course, no solution to this, of course, no solution to the number of jobs it would create. But the earth policy is being pursued, if private enterprise is to exploit the more flexible attitudes and more realistic expectations that have been so painfully wrought.

Fiscally responsible infrastructure projects, vigorously pursued, have an impact far beyond their cash value; witness French pride at the success of the Train à Grand Vitesses that now links Paris with the south of France. The channel link suffers from many handicaps in Whitehall. It has been discussed and tinkered with and shelved for too long. There is substantial resistance to the idea of physically linking the UK to the continent. There is the stigma attached to public works as a form of economic stimulus. There has been such a total conditioning to the view of Government as a source of waste that it is now heresy to consider the idea of Government as entrepreneur. The result is a sterile standoff. The Government insists that the British private sector should decide what sort of link it is willing to finance, and link it with it. The private sector insists that it needs a plethora of promises from the governments of both Britain and France before it feels enough of a free agent to take the plunge. Yet it is hypocrisy to claim that a channel link could ever get under way without the active participation of both governments. Imagine where the M25 motorway would be today if it had been the brain-child of a private consortium. The Channel project will be of such a scale that many policy areas of government will be affected by it — monetary, regional, competition, environmental, industrial, transport, immigration, foreign relations and defence. It is perfectly possible to devise financing schemes that involve a substantial degree of private risk and reward, but the governments are going to have to take the lead. In doing so they should identify the most ambitious project that seems economically justifiable. Surely, when the vast majority of the 20m people and 13m tons of freight crossing the Channel every year have their voyages on road vehicles, the solution must include a direct road link? A detailed study by five major banks earlier this year suggested that a road link would be the most profitable option but balked at the technical risks and the scale of the project involved. This sounds just the ticket to host the faded economic spirit of both nations. The Euroroute bridge-tunnel crossing the Channel every year costs of around £2.5bn for each country and half-a-million man-years of work split between the two, with a great deal going to steelworks and shipyards. By comparison, Concorde cost each Government roughly £1bn and unemployment will cost the British Government roughly £15bn this year. Mrs Thatcher needs to find a big gesture and the French President's forthcoming state visit to London could provide the occasion.

A league table of European intensity

There is to be a serious discussion of Europe's defence, WEU is not the right forum to hold it in. Like the Nato, WEU is not the right forum to hold it in. In fact, there are nit-picking arguments against any and every existing forum. Western European Union was created 30 years ago this month by France, Britain and Germany, which were the only three countries which Germany and Italy could be readmitted to. The Western community and join Nato; but from the start it developed all defence responsibilities on to Nato, and has ever since been

Premium refund on death

From Mr P. W. Wright
Sir, Mr Elcher in his letter of September 29 has questioned the practice of the UK Life Assurance industry in not providing a proportionate premium refund on death, where premiums are payable annually. I can assure him that full allowance for this is made when setting the premium rates and hence life offices are not unfairly penalised by themselves by this arrangement. The analogy made with selling your house is not valid as this would be equivalent to surrendering your life policy. A surrender value should include allowance for the fact that a full year's premium has been paid. The proper comparison is with the case of a house which is burnt to the ground. In this event the insurance company would pay out the sum insured but would not give any refund of premium. P. W. Wright, Department Manager, UK Life Products, Prudential Assurance Company, 142 Holborn Bars, E.C1.

Letters to the Editor

area; it is likely to be efficient. Are we really to expect that if a local authority gains the monopoly of all local services it will become more efficient? Arguably, at present, local authorities can be inefficient because of the monopoly they already hold over local services. In most local services competing suppliers are few. In their letter Travers and Burgess fail to consider what is the appropriate objective of local government. Instead, we should ask if local government is to provide all local services? In answering this question we need to consider not only which services are appropriately supplied by local government, but also the extent, if any, to which these services should be supplied. Messrs Travers and Burgess raise these latter questions, but not the primary question.

A desirable basis for public services? Clearly, housing associations, as a model (there are other models too), are non-elected bodies, but monitored in the interests of public policy. Being non-elected they may be criticised as being unrepresentative. But two considerations are pertinent here. Firstly, the mechanisms of party selection and local government elections hardly provide the assurance in practice of representative local council secondly, representative may in part be effected through local delegation in management; speedy attention to repairs not only represents the tenant's views to his landlord, but shows that the landlord listens and acts. Housing associations generally have a comparatively good reputation on repairs. Housing associations, to continue our example, have been organised in part to avoid the evident weaknesses of local government, particularly to avoid the lack of delegated responsibility, and remoteness in management. As such, associations have benefited in learning from local authority failures. Their management committees of unpaid persons contribute expertise freely. In contrast, most newly elected local authority members lack expertise on local government programmes, and similarly lack external standards of comparison. Housing associations succeed or fail by their actions; in contrast, local authorities do not fail, other than in popularity. Richard Prentice, Department of Geography, University College, Swansea.

Index-linked gilts interest delays

From Mr Keith Tunstall
Sir, In the article on index-linked gilts (September 29), Clive Wolman stated that the RPI measurement was applied with an eight-month lag. For administrative reasons, the delay is not entirely surprising. May I suggest a necessary technical reason? Gilts are quoted either inclusive of accrued interest, or subject to an appropriate adjustment. Accrued interest must therefore be determinable. The fixed coupon of a conventional stock presents no problem, but interest on an index-linked issue is, by its nature, variable. Indexation eight months in arrears enables interest according to the next payment date to be calculated precisely. This eight-month delay does not necessarily disadvantage the investor as Mr Wolman rightly pointed out. Keith Tunstall, 38, Grove Street, Leamington Spa, Warwickshire.

Bankruptcy and the banks

From Mr Colin Newhouse
Sir, Mr Hodson's reply (October 3) does little to convince me that his suggestion has merits and I believe indicates where his true interests lie. If I may make the following points: — Ordinary shareholders initially provide the risk capital of a company and in return for this receive benefits by way of dividends and/or capital appreciation in their share values. Some companies continue to pay high dividends when the company cannot really afford these (as indicated by inflation accounting principles) in order to make their shares more attractive, although I do not say this occurred with the company in question. Having enjoyed these benefits in the past, when the going becomes difficult it is suggested that the shareholders seek the protection of the courts — who will protect the banks? — Shareholders are always at liberty to sell their shares at any time providing a buyer can be found at an acceptable price before matters deteriorate to the extent that a receiver is appointed. In addition Trade Creditors have the option not to supply further goods/services at any time and to shorten credit terms which I admit probably exacerbates the company's situation. — Assuming that Mr Hodson's suggestion found favour, who would be the arbitrator when presumably those best qualified to make such an assessment have already done so by declining to assist further or refusing to assist in the first place? — Bank borrowing is generally repayable "on demand" and the company directors acting on behalf of the shareholders presumably initially accepted this arrangement. Company fortunes do not deteriorate overnight and neither is support withdrawn at short notice. Companies can have a "foul" when asked to honour their agreements. Furthermore, often the directors officially ask the banks to appoint a receiver under the terms of their debentures. — Preference shares would not be attractive as this would simply mean that in the event of a subsequent liquidation before the redemption date, the bank's equity (previously secured) would be depleted by payments to preferential lenders and creditors (or are these then to be asked to convert to equity?) and the ordinary shareholders would still be left wanting. — UK banks, of course, take equity stakes in companies and if I accept that this happens on the Continent as a result of converted debt, are they taking, say, £40-£50m at a time? (The issued share capital of the company in question was only £20m.) In conclusion, I suppose many things will elude me on life's journey, but one maxim learned and recalled springs to mind "If you can't afford to lose — don't gamble." Mr Hodson's suggestion would have merits only if his interest was in saving employment, and the Government took the equity, but that's another question! Colin Newhouse, 28 Parkfield Road, Worthing, Sussex.

Bankruptcy and the banks

Without competing providers, tenants face a spatial lottery as to the adequacy of their landlords, and prospective tenants a spatial lottery in terms of their access to a tenancy. If one is unlucky, or unsuccessful, without other local providers no further opportunity is available. The local authority's rules become the only rules for public housing in such an area. Is this

in their share values. Some companies continue to pay high dividends when the company cannot really afford these (as indicated by inflation accounting principles) in order to make their shares more attractive, although I do not say this occurred with the company in question. Having enjoyed these benefits in the past, when the going becomes difficult it is suggested that the shareholders seek the protection of the courts — who will protect the banks? — Shareholders are always at liberty to sell their shares at any time providing a buyer can be found at an acceptable price before matters deteriorate to the extent that a receiver is appointed. In addition Trade Creditors have the option not to supply further goods/services at any time and to shorten credit terms which I admit probably exacerbates the company's situation. — Assuming that Mr Hodson's suggestion found favour, who would be the arbitrator when presumably those best qualified to make such an assessment have already done so by declining to assist further or refusing to assist in the first place? — Bank borrowing is generally repayable "on demand" and the company directors acting on behalf of the shareholders presumably initially accepted this arrangement. Company fortunes do not deteriorate overnight and neither is support withdrawn at short notice. Companies can have a "foul" when asked to honour their agreements. Furthermore, often the directors officially ask the banks to appoint a receiver under the terms of their debentures. — Preference shares would not be attractive as this would simply mean that in the event of a subsequent liquidation before the redemption date, the bank's equity (previously secured) would be depleted by payments to preferential lenders and creditors (or are these then to be asked to convert to equity?) and the ordinary shareholders would still be left wanting. — UK banks, of course, take equity stakes in companies and if I accept that this happens on the Continent as a result of converted debt, are they taking, say, £40-£50m at a time? (The issued share capital of the company in question was only £20m.) In conclusion, I suppose many things will elude me on life's journey, but one maxim learned and recalled springs to mind "If you can't afford to lose — don't gamble." Mr Hodson's suggestion would have merits only if his interest was in saving employment, and the Government took the equity, but that's another question! Colin Newhouse, 28 Parkfield Road, Worthing, Sussex.

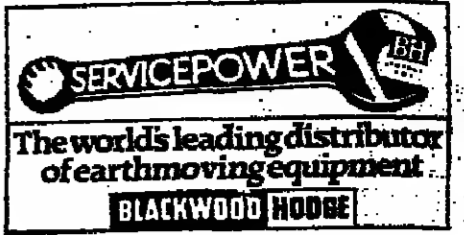


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Terry Byland on Wall Street

Knee-jerk reactions to banks

IT WAS not a bumpy week for banking stocks. The upset at First Chicago attracted most of the attention, but shares in the large money centre banks were already on the slide as sector analysts began their final count-downs ahead of the round of third-quarter results due over the next 10 days.

Nevertheless, First Chicago's write-off and loss prediction caught the sector off balance. By the end of the week, when the money centre stocks were showing falls of 7 or 8 per cent against a decline of only 2 per cent in the Dow Jones industrial average, it was not easy to disentangle the market's underlying opinion from its knee-jerk reaction to the bad news from Chicago.

After falling smartly on the First Chicago announcement bank shares rallied on Thursday, heartened by the absence of any sign of a "flight to quality" in the credit markets. First Chicago's problems, ran the refrain from some banking analysts, were "very specific to it" and the market was "overreacting". Those same analysts, however, were more cautious in their opinions at the end of the week, after First Chicago had pointed out that other large banks were also involved in some of the 10 big loans which had brought on its problems.

The comment from the board of First Chicago that some of these other, unnamed banks could also be forced to take charge-offs on these same loans, was quickly echoed on Wall Street. As Mr Geoff Cohn of Drexel Burnham Lambert pointed out: "We do not know how good their loan monitoring systems may be, or whether the Comptroller of the Currency has yet notified them."

Bank stocks quickly resumed their downward trend on Friday and the week ended with losses in stock prices throughout the sector. The implications of last week's developments may not be restricted to those banks involved with First Chicago's batch of troublesome loans in the U.S. sugar, energy and agricultural sectors. They have cast a cloud over the full range of domestic loan portfolios of the banks, as well as introducing doubts over a large loan to a Saudi Arabian contractor.

These new doubts took shape, unfortunately for the bank stock sector, just when some analysts were running their tape measures over the existing portfolios and assessing the success of the bankers in dragging in the arrears in interest payments from reluctant payers.

Wall Street has grown accustomed to bearing the banks reproachfully on their success in chasing up the bad payers just in time for the quarterly deadline.

But Mr Laurence Cohn of Dean Witter cautioned the stock market by reporting that Citicorp, traditionally the most aggressive of the debt collectors, has run into strong resistance from the debtors this time. He believes that Citicorp has pulled in only about 5 per cent of the interest payments due on non-performing loans, compared with its normal success rate of 10 to 12 per cent. Of course, most non-performing loans are eventually paid up and the banks are at present accustomed to collecting only 3 to 4 per cent of payments due. If Citicorp's success rate has been halved, however, what does that mean for the rest of the industry?

Dean Witter's Mr Cohn telephoned clients last week to say he was reducing his forecast for Citicorp's third-quarter earnings to \$1.50 a share and for the full year to \$5.50.

If the banks are facing problems with their domestic loans and, at the same time, finding it hard to obtain payments on their existing non-performers, then the third quarter results could bring some nasty surprises.

Wall Street is bracing itself for increased loan loss provisions all round, and it will not deal lightly with banks which prefer to boost earnings by failing to make suitable provisions.

U.S. prices, Pages 24-27

Gromyko raps U.S. on arms talks

BY LESLIE COLLITZ IN EAST BERLIN

MR ANDREI GROMYKO, the Soviet Foreign Minister, said yesterday that Moscow was prepared to conduct an "honest, open dialogue" with Washington on curbing nuclear arms if the U.S. showed a "genuine interest" in limiting the arms race.

Mr Gromyko, speaking at the 35th anniversary celebrations in East Germany at the weekend, his first speech since he met President Ronald Reagan last month, said that time would tell if Washington was prepared to make any positive changes in its policies.

The U.S., he said, had reacted negatively to Moscow's proposal to be-

gin negotiations on preventing nuclear warfare in outer space. It was trying to "conceal with all means" its refusal to ban such weapons.

Mr Gromyko also made a sharp attack on West Germany, warning that Bonn was aiming to eliminate East Germany and was calling into doubt the territorial realities in Europe. Bonn wanted to end the Socialist order in East Germany and incorporate the country into West Germany, he said.

By comparison, Herr Erich Honecker, East Germany's leader, was only mildly critical of West Germany. He was recently unable to

visit West Germany because of Soviet opposition.

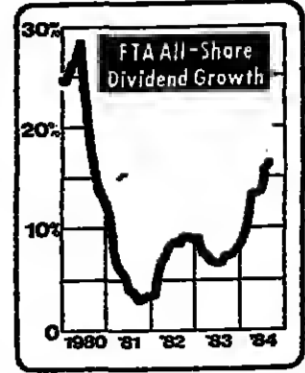
Herr Honecker said there was no "open" German question and that the sooner Bonn understood that there could be relations only of sovereignty and equality with East Germany, the better. The East German leader spoke of his country's "indefectible" alliance with the Soviet Union and, with Mr Gromyko, signed a 15-year technology, production and science agreement designed to tie East Germany more closely to the Soviet Union.

The tensions between Moscow and East Berlin and the unresolved fate of nearly 100 East Germans

THE LEX COLUMN

Dividends make up for lost time

There are plenty of good traditional reasons why one might expect the London equity market to have been feeling rather sorry for itself by now. There is, after all, a general expectation of slower economic growth in 1985. On the face of it this is an odd thing for the market to anticipate by pushing the All-Share upwards. Yet it has recovered almost exactly 15 per cent from its low point in July, a revival which seems to need at least a bit of explaining. One strong candidate for the role of missing link is the remarkable spurt of dividend growth, which has now been accelerating without pause for the last 12 months.



Although dividend growth of about a tenth in 1984 might have seemed quite reasonable this time last year, the actual figure now looks more like reaching 18 per cent. And the value of that increase - which amounts to real income growth in double figures - is far greater than anything the market has seen for a decade. Last time there was a comparable pick-up, after the removal of dividend controls in 1979, almost all of it was mopped up by inflation.

Income stream

Looking backwards, it is easy enough to see why institutions should be feeling more amiable towards their industrial investments - quite apart from the fact that the increased dividends will make it a lot easier to pay for the compulsory tranches of Telecom. And the warm feelings are not entirely retrospective: the managers of long-term funds and the finance directors of public companies both know that once a dividend has been settled, only inflation or desperation can be allowed to cut its value. Still confident in a prospect of rather low inflation, institutions can set a higher price on their holdings because, even assuming that nominal dividends' beneficiaries rise no faster than prices, the discounted real value of the dividend stream has enormously increased.

As for justification of this year's sudden urge to distribute, things must also be looking fairly rosy from the finance directors' side of the fence. Of course, the increased liquidity of the company sector simplifies the task of arguing for any desired size of payout, when you

individuals would be a fairly good reason for retaining profits in the company, in the shareholders' best interests; whereas if the shares are mainly held by gross funds - capital case for high retentions becomes at best marginal.

In a tax-free world, and one where it cost nothing to pay dividends or get rights issues underwritten, companies and investors alike might well be indifferent as to whether dividends were ever paid. The decisive question then should be whether the company could make better use of its funds than the shareholders, earning a higher rate of return than they can obtain elsewhere. And in sober reality, success in persuading the market that a company can achieve superior normal returns (at any rate by the standards of its sector) is one route to keeping its shares at a lower yield than the average.

Capital repayment

A similar argument suggests that companies whose object in life is to generate capital growth, rather than a flow of income, should offer to reward their shareholders mainly via the share price; property development companies, with little cash inflow - but large asset realisations in prospect - have a natural tendency to follow this line. At the opposite extreme, there are not a few companies that have generated cash by shrinking away from unprofitable activity; for them it is only common sense if an uncovered dividend is used to repay equity.

For the mass of companies, somewhere in between, it looks as if this year's higher dividends are being covered with a fair degree of comfort even in current cost terms (where these are still being disclosed). For 1985, even marginal growth in the economy should underwrite real dividend improvements of 5 per cent or so. Yet there are signs, like rising unit wage costs, that climbing profitability may not, after all the upheaval, have become a permanent feature of British industry. If so, it might be wiser not to forecast perpetual growth in real dividends; surely it says something about the evolution of Scottish caution that even Wood Mackenzie has now replaced its long-run assumption of zero real growth with a more optimistic 1 per cent.

UAW head urges GM members to accept deal or face strike

BY TERRY DODSWORTH IN NEW YORK

MR OWEN BIEBER, president of the United Auto Workers union of the U.S., has delivered a strong warning to his members in General Motors that they face the prospect of an all-out strike if they fail to ratify the recently concluded wages contract.

His statement, which came as crucial votes on the agreement got under way, was seen as an attempt to rally rank-and-file membership in the face of strong opposition to the contract in some plants.

He insisted at a press conference that the deal was a "good" one. If it were not ratified, he added, he would call the GM workforce out on strike rather than go back to management and try to renegotiate.

The UAW has not given figures for voting so far, on the new contract, which must be ratified by Sunday. But the indications are that polling has been very close, with the number of members in favour of the deal only slightly ahead.

Voting over the weekend will be crucial to the outcome, since it in-

volves the big concentration of GM plants in Flint and Pontiac in Michigan, some of which are noted for their militancy.

The main opposition to the agreement is centred on widened differentials that will give skilled workers pay rises of about 3.5 per cent in the first year of the contract against only 1 per cent for employees at the bottom end of the scale.

This is regarded as a radical step in wage bargaining in the U.S., where the trend has been to reduce differentials. But it is proving difficult to sell to the workforce because the bulk of employees in the heavily organised assembly plants would be receiving increases of about 2 per cent in basic wages or even less.

GM also faces problems in its Canadian plants, where it is trying to negotiate a similar agreement to the U.S. contract. The local branch of the UAW insists that it will not accept the U.S. differential pattern and is also asking for a reduced working week of 27 1/2 hours on the West German pattern, along with

France and UK bid for \$5bn U.S. army order

By Bridget Bloom, Defence Correspondent, in London

RIVAL BIDS for a U.S. army contract which could be worth more than \$5bn have been made by British and French telecommunications companies.

The bids, to supply 25 divisions of the U.S. army with a new battlefield communications system, were submitted by consortia involving Plessey of the UK and Thomson CSF of France.

Plessey, in conjunction with Rockwell International of the U.S., has put forward its Parmigan system, which is about to enter service with the British army. Thomson's system, known as Rita (Réseau Intégré de Transmissions Automatiques) has been progressively deployed since 1982 with the French and Belgian armies. Thomson is in partnership with the U.S. company GTE.

The army contract is believed to be the largest single U.S. military contract ever opened to foreign competition. Unusually, there is no U.S. manufactured battlefield communication system which is directly comparable to Parmigan or Rita.

Initial funding for the equipment has been obtained by the present U.S. Administration, but there are inevitably fears in London and Paris that the competition to supply the U.S. army could be put at risk either by political changes in the Pentagon or the American presidential election or by the powerful U.S. defence industrial lobby.

Mr Michael Heseltine, the British Defence Secretary, has ordered the Ministry of Defence to give full support to the British bid, which also involves a number of other British companies in the supply of subsidiary equipment.

The French Government habitually supports French industry in its arms export drive, but it is less usual for the British Government to do so.

Company officials are unwilling to disclose details of their bids, which will be negotiated into "best and final" offers over the next few months. The British and French companies have apparently found difficulty in conforming to some of the U.S. specifications, particularly those requiring quotations in fixed dollar prices.

Background, Page 4

UK plans for market control

Continued from Page 1

ahead of the publication of the full White Paper (policy document) to towards the end of November.

The intention is still that a major Financial Services Bill will be introduced in the 1985-86 session of parliament. This will cover not only the new statutory banking for the self-regulatory authorities but also a review of relevant aspects of the existing Protection of Fraud, Investment and Companies Act, covering, for example, company flotations.

The new authorities will be run by councils consisting both of practitioners and representatives of investors and policyholders and will be backed by small secretariats.

Tax fillip for French bonds

BY DAVID MARSH IN PARIS

THE FRENCH bond market, profiting from steadier foreign confidence in the franc, has already set a new issue record for 1984 with three months of the year still to go.

New issues so far have topped the FF 200bn mark, compared with volume of FF 194bn in 1983, FF 154bn in 1982 and only FF 107bn in 1981.

Last week's news that France is joining West Germany in ending the nominal 25 per cent withholding tax on non-residents' bond purchases helped to keep up the market's good spirits. State bond yields fell by about 0.4 points during the week to 11.5 per cent on Friday, with dealers reporting a rush of demand and all too little available paper to satisfy investors' appetites.

Amid an upsurge in foreign institutional demand in recent weeks, banks have been lobbying the Treasury to reopen the relatively unregulated Eurofranc bond sector, which has seen no new offering for 3 1/2 years.

The Treasury, aware that a move to allow Eurofranc issues (for the first time since the Socialist Government took power) would mark a political milestone, is adopting a wait-and-see attitude. A franc bor-

rowing for the World Bank is rumored to be on its way soon, but it is not clear whether it would be a Euro-issue or a standard domestic market transaction.

With the dropping of the withholding tax (although that, as in West Germany, still has to be approved by parliament), the demarcation line between the Euro and domestic sector will now be narrowed. Previously, the 25 per cent tax was not payable anyway on state bond issues, while double taxation agreements with leading investing nations in Europe and the Middle East reduced the net rate of imposition in many cases to between 5 and 15 per cent.

Real yields (with inflation now down to around 7 1/2 per cent) remain attractively high - partly because of the Government's extreme caution in countenancing cuts in banks' base lending rates.

With the franc still steady against the D-Mark after more than 18 months in the European Monetary System without a realignment, the view of the international investment community is that there will be no undue currency risk at least for the next three or four months.

Int'l Capital Markets, Page 17, 18

Sleipner route accord sought

BY DOMINIC LAWSON IN LONDON

ENERGY MINISTERS of Britain and Norway, meeting in London tomorrow, will attempt to come nearer to a resolution of the disputes that are holding up the signing of a £20bn (\$24.5bn) deal to supply the UK with gas from Norway's Sleipner field.

The main obstacle to the deal is an argument over the route to be taken by the gas liquids contained in a field. Norway wants them to travel by a Norwegian-owned pipeline to Teesside in North-east England, while the UK wants them to go by a UK pipeline to Flotta in Orkney. At stake is about £200m of tax revenue.

At their regular annual meeting

Mr Kaare Kristiansen will put to his UK opposite number, Mr Alick Buchanan-Smith, a compromise whereby the Teesside route will be chosen in exchange for Norway giving up a proportion of the tax revenues to the UK.

However, Norwegian optimism that their solution will bring a speedy end to the dispute is not shared by British officials. They regard such a deal as opening up many fiscal and administrative problems which the Norwegians have yet to tackle. Indeed, Mr Buchanan-Smith said at the weekend that he did not expect any agreement at the meeting.

This issue is one of two still blocking agreement on the deal. The other concerns access for British companies to orders on the Sleipner development project.

British Gas, the purchaser, and Statoil, the field operator, have reached firm agreement on the revised commercial terms for the transaction.

These involve a payment of \$4.10 per million British thermal units (BTU) of gas. Peak supply of Sleipner gas in the late 1990 would be 32bn cubic metres rather than the 39bn to 42bn cu m called for in the original draft contract agreed in January.

Efforts by the U.S. steel industry to secure new laws which would tighten up the protection which they won from President Reagan last month, were also fended off. Instead of a 17 per cent target for imports' share of the domestic market,

who were denied protection earlier this year by the U.S. International Trade Commission because their industry is profitable, won a concession of U.S. trade laws to make it easier to prove unfair trade in cases where exporters are incorporating cheap dumped imports into the products they sell to the U.S.

A clause designed to make it easier to bring unfair trade cases against non-market economies, which was seen as aimed at China, was also dropped.

Congress shuns new trade curbs

Continued from Page 1

use subsidised natural resources in the manufacture of exports (a clause aimed at certain Mexican products); and to expand the scope of U.S. trade laws to make it easier to prove unfair trade in cases where exporters are incorporating cheap dumped imports into the products they sell to the U.S.

Efforts by the U.S. steel industry to secure new laws which would tighten up the protection which they won from President Reagan last month, were also fended off. Instead of a 17 per cent target for imports' share of the domestic market,

U.S. footwear manufacturers,

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday October 8 1984

RTS GROUP... SERVING SHIPS, PORTS, INDUSTRY

KYLE STEWART... For Design and Construct

CREDITS Appeal of Ecu helps Soviet deal succeed despite low margins

BY PETER MONTAGNON IN LONDON THE Soviet Union kept the Euro credit market rolling last week as the credit for Yashinobank, its foreign trade bank, was doubled to Ecu150m.

BONDS New delicacies to tempt over-fed investors

BY MAGGIE URRY IN LONDON THE recent flood of fixed-rate issues coming to the Eurodollar bond market seems at last to be abating. Money is still being raised, but issue managers are trying to tempt over-fed investors with different delicacies.

Swiss minister calls for more details on foreign borrowers

INFORMATION on foreign borrowers in the Swiss private placements market is still insufficient, according to Dr Otto Stich, Switzerland's Social Democratic Finance Minister, writes John Wicks in Interfax.

NEW INTERNATIONAL BOND ISSUES Table with columns: Borrowers, Amount, Maturity, Av. life, Coupon, Price, Lead Manager, Offer yield

Canadian \$50,000,000 Federal Business Development Bank... 12 1/2% Notes due September 27, 1987

Canadian \$75,000,000 International Bank for Reconstruction and Development... 12 1/2% Canadian Dollar Notes of 1984, due October 2, 1991

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Fed funds volatility brings wild price fluctuations

TRADING in the U.S. credit markets last week was once again punctuated by wild price fluctuations reflecting the recent sharp volatility of the Fed funds rate coupled with rapidly shifting market moods and perceptions.

While the markets ended the week with modest price gains, this high volatility looks set to continue for four reasons: First, an avalanche of new Treasury paper is forthcoming; second, there is continuing confusion about the Federal Reserve's current monetary policy posture; third, the Fed funds rate in the words of Dr Henry Kaufman, Salomon Brothers' chief economist, "keeps the market guessing"; and finally, there are continued mixed signals on the economy.

The August report of the policy-making Federal Open Market Committee meeting, published on Friday, did little to clear up market uncertainties. It allowed both for a steady unchanged policy — the central thrust of the report — or a slight easing. Should economic and monetary growth justify such a shift, Wall Street believes this took place at the start of September.

Two questions remain, and are the subject of renewed bitter debate among Wall Street economists. First, what level of funds rate is appropriate in view of the apparent easing in Fed reserve pressures reflected in lower bank discount window borrowings? And, perhaps most crucially, does the current state of the economy and behaviour of the monetary aggregates justify any further move by the Fed?

These uncertainties were fully reflected in the credit market's behaviour last week. After stumbling along at the start of the week, bond prices, buoyed by speculative purchases, picked up sharply on Thursday and Friday with the long bond

G & W finds buyer for Dominican sugar side

BY OUR FINANCIAL STAFF

GULF & WESTERN, the New York-based conglomerate, has reached agreement in principle to sell its sugar and related operations in Florida and the Dominican Republic to a group of investors headed by Alfonso and Jose Fanjul, the Cuban-American brothers. Terms were not disclosed.

G & W approved a plan to sell the businesses in June and took a \$140m writedown on the Dominican operations. The company is the largest private landowner and employer in the Dominican Republic, where the announcement of the planned sale caused a major controversy. Participants in the transaction will include Flo-Sun Land of Florida, various

Florida farming corporations associated with the Fanjuls and a group of G & W's Dominican executives led by Sr Carlos Morales, the chairman. G & W said the buyers would continue the operations with no significant changes in business relationships or operating personnel. The Dominican holdings include 200,000 acres of land, three hotels, a horse farm, an industrial estate, a cement factory and 65,000 head of cattle.

The company's major investment in the Dominican Republic is the La Romana sugar mill, which produced 400,000 tons of sugar last year, one-third of the country's total production. ARA Services, the U.S.-based

entering, transportation and healthcare management group, has approved a revised proposal from the company's senior managers to acquire it in a leveraged buy-out. Under the proposal, shareholders will receive \$62 1/2 in cash and \$9.25 nominal of subordinated debentures for each share, valuing the company at \$875m. The acquiring group, headed by Mr Joseph Neuberger, ARA's chief executive, had earlier offered \$62 in cash and \$8.50 in debentures.

In July, ARA rejected a \$722m bid from a private investment group led by Mr William Siegel, former executive vice-president of operations.

Jump in third-quarter deficit at Mitel

By Bernard Simon in Toronto

LOSSES at Mitel, the Canadian telecommunications equipment manufacturer, rose sharply to \$310.1m (U.S.\$7.67m), or 28 cents a share, in the second quarter to August 24, from \$235.5m, or nine cents a share, in the first quarter.

This took losses for the first half to \$627.8m, or 79 cents a share, compared with \$38.0m, or 21 cents a share, a year ago. Revenues reached \$893.5m in the latest quarter, 30 per cent above the previous three months and 23 per cent higher than a year ago.

Despite the higher losses in the latest quarter, Mr Terence Matthews, president and chief executive officer, said that "progress was made in the quarter... Mitel expects continuing improvements throughout the remainder of this fiscal year".

Revenues declined by \$35m during the quarter, including a drop of \$14m in August. Margins improved slightly, and research and development spending, a major drag on the financial results in recent years, continued the decline of the first quarter. Despite these encouraging signs, the company has backed away from earlier predictions of a return to profitability during the current quarter. A senior official said that "we will return to operating profitability in the second half of the year, although it's difficult to determine whether that will happen in the third or fourth quarter".

Libya to take up Fiat rights issue

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LIBYA is to maintain its shareholding in Fiat at 13.6 per cent by taking up its entitlement in the rights issue planned by Italy's largest private group, Sig Cesari Romiti, Fiat's group managing director, said.

The rights issue is designed to raise about L760m (£402m), which implies that Libya will pay L103.30m for new Fiat shares. Libya paid the equivalent of \$415m for its original shareholding in 1977, cash which helped Fiat finance its car model renewal programme at a time when the group's fortunes were at a very low ebb.

Sig Romiti said in London that the original negotiations had lasted 15 months and resulted in an agreement that

Libya's involvement would be purely financial. As evidence that this was still the case, Sig Romiti pointed out that Fiat had continued to export products to Israel throughout the association with Libya. Sig Romiti also revealed that Fiat still intended to sell a minority shareholding in Iveco, its commercial vehicle subsidiary, "once it is past its crisis". Iveco, which is registered in the Netherlands, reported a loss of Ft 232.0m (\$97.6m) in 1983 compared with Ft 16.8m profit in the previous year and seems likely to reveal even larger losses for 1984.

However, Sig Giorgio Garuzzo, the managing director of Iveco, said the company should reach break-even some time in 1985.

Sanlam in agreed offer for control of Messina

BY JIM JONES IN JOHANNESBURG

SANLAM, South Africa's second largest insurance group, has offered to acquire 40 per cent of the remaining ordinary capital of Messina, a South African motor vehicle and copper company.

Sanlam owns 45.5 per cent of Messina's equity and has offered to acquire 40 per cent of the remaining ordinary capital at a price of R5 per share. The offer is subject to the approval of the investment company which controls Messina, has accepted the offer. Messina's principal interests

are in motor vehicle assembly. The company manufactures Nissan vehicles in South Africa and has a 50 per cent share of the country's total vehicle market. The South African copper mining operation is unprofitable and is being kept afloat by Government support. A sharp reduction in motor vehicle sales since mid-year, obliged Messina to close last week the Nissan assembly plant for a fortnight. Further temporary closures are expected over the next 12 months.

She is professor of Australian literature at the University of Sydney, a director of the Australian and New Zealand Bank Group, and was during 1982 to 1985 chairman of the Australian Broadcasting Commission.

Premiums up at Gruppo Generali

By Alan Friedman in Milan

GRUPPO GENERALI, the major Italian insurance group, lifted total premiums in the first half of 1984 by 15.2 per cent to L3,387.3bn (U.S.\$1.3bn). More than two thirds of total premiums were collected outside Italy.

For the whole of last year Generali's consolidated net profit was L137.5bn, an increase of 30 per cent. Generali is one of the most actively traded shares on the Milan bourse. Its closing share price on Friday was L31,720.

Government administration for Cruzat-Larrain group

BY MARY HELEN SPOONER IN SANTIAGO

THE CRUZAT-LARRAIN group, Chile's largest financial conglomerate, has signed an agreement with its creditors to turn over most of its assets, and 91.5 per cent of its shares, to be administered by a Government-appointed commission.

The commission will attempt to pay off the group's domestic debt of 78bn pesos (\$878m) by selling the share and using revenues and profits from the assets handed over. These include two banks, oil, timber, and mining companies, markets division.

Mr ZILG INC has appointed Mr Jon Tammell to the post of vice-president, marketing and sales, components division, and Mr Gerald Robinson as vice-president, operations, components division. Both are promotions within the division.

Mr Max R. Nannery has been named an executive vice-president of the CONTINENTAL CORP and president of its agency group. He is directly responsible for all domestic property/casualty agency operations, including business generated by the independent agents who represent Continental Insurance. He was senior vice-president in charge of Continental's U.S. regional and branch offices.

Divisional changes at P.K. Banken

By Paul Taylor

PK BANKEN, Stockholm, has appointed Mr Christer Ragnar, senior vice president and deputy head of the international division, as executive vice president and head of the division from January 1. From the same date Mr Sven Erik Halansson, executive vice president and currently head of the international division, becomes head of the bank's northern region. Ms Ann Hedberg, senior vice president, has been appointed executive vice president and head of a newly established money and capital

INTERNATIONAL APPOINTMENTS

The DUN & BRADSTREET CORP has elected Mr Arthur C. Nielsen, Jr, chairman of the executive committee of the A. C. Nielsen Company, and Mr Henry Burk, chairman and chief executive officer of A. C. Nielsen, as directors of Dun & Bradstreet. Mr Burk was also elected vice-chairman of Dun & Bradstreet. On August 29 the Nielsen company became a wholly-owned subsidiary of Dun & Bradstreet.

INTERNATIONAL BOND SERVICE

neil Douglas Electronics company plant in Grand Rapids, Michigan. Mr Nielsen will succeed Mr Robert J. Stantman, who has been promoted to president of the marine and industrial engines and service division of the aircraft engine business. Mr Orville R. Reuser, who has announced plans to retire. Mr Frank Leeson has been appointed the senior member of

the management board of DEUTSCHE WESTMINSTER BANK, wholly-owned subsidiary of National Westminster Bank in West Germany. He succeeds Mr Sydney Haywood who has returned to the UK. Mr Leeson was a member of the management board of Deutsche Westminister Bank.

Advertisement for BFCF (Banque Francaise du Commerce Extérieur) featuring the text 'U.S. \$600,000,000 Guaranteed Floating Rate Notes Due 1999' and listing various international banks as agents.

Table titled 'FT INTERNATIONAL BOND SERVICE' containing columns for 'U.S. DOLLAR', 'EUROBOND TURNOVER', 'U.S. \$ BONDS', 'OTHER STRAIGHTS', 'FLOATING RATE', and 'CONVERTIBLE'. It lists various bond issues with their respective values, yields, and prices.

FINANCIAL TIMES SURVEY

Monday October 8 1984

FRANCHISING

The new generation of franchises—fast food, specialist car services and the like—is creating wealth for individual entrepreneurs and franchisors. Recent rapid growth is expected to continue.

Fast route to self-employment

By David Churchill

FRANCHISING is rapidly becoming one of the fastest growth sectors in a number of economies around the world. Annual sales of franchised companies in Britain have been increasing each year by at least 16 per cent, with total turnover next year forecast to exceed £1bn for the first time. More than 8,000 companies have been created in recent years by the franchise system, and almost 60,000 people given employment.

"A great deal of new wealth being created in the country each year, much of which would be unlikely to happen without franchising," claims Mr. Brian Smith, current chairman of the British Franchise Association. "Probably franchising's biggest asset is that there is something in it for everyone."

Interest in the first ever National Franchise Exhibition, which starts next Sunday at the Kensington Exhibition Centre in West London—is running at a high level with more than 100 exhibitors and many thousands of would-be franchisees expected to attend.

Yet franchising in Britain, which for most people is typified by fast food outlets—is by no means new. Its origins go back to the late 18th century when the big brewers introduced the tied-house system by which the brewers provided the

capital for public houses in return for an agreement giving them exclusive rights to supply beer.

In the U.S., the history of franchising dates back to the end of the civil war when the Singer Sewing Machine company franchised exclusive territories to independent operators. But it was not until the turn of the century, when General Motors used independently-owned businesses to increase its distribution outlets, thus avoiding the need for additional investment, that the growth of franchising in the U.S. really began.

Business format

In Britain, the pubs, voluntary groups of grocers, and petrol stations linked to major oil companies are all examples of what are called "first generation" franchises. The newer type of franchising, such as fast food outlets and drain cleaning services, are second generation or business-format franchises, and it is this area that is showing the most growth.

If first generation franchises are included in estimating the size of the franchise sector (as they are in the U.S. where franchising accounts for 30 per cent of retail sales and 10 per cent of gross national product), the number of franchise outlets in the UK is between 80,000 and 100,000—and total sales would run into many billions.

As the Mintel market research group points out in a recent study of the market

(available from Mintel for £395), "if the population of the U.S. is compared with that of the UK, it becomes obvious that it would no longer be fair to describe the UK franchise market as being in its infancy."

There are a number of definitions of franchising in use but basically a franchise can be defined as a means of collaboration between a company which wishes to expand its trademark of its products, and an independent individual. Under the terms of the deal the collaboration is governed by a contract.

The franchisor is a manufacturer, wholesaler or retailer who grants his trademark and methods to be exploited. The franchisee is an independent trader who accepts the working principles of the franchisor.

For the franchisee, the main advantage of franchising is that he can benefit considerably from a business and clientele which is already established, while legally keeping his own independence. The franchisor, on the other hand, gains a rapid growth of his business and a faster establishment of his trademark with lower capital costs.

The franchisee usually pays over a lump sum to the franchisor with a continuing royalty, which can either be a percentage of the turnover, or a surcharge on the cost of the basic supplies. The royalty covers the cost of any further training, advice, administrative back-up and local and national advertising.

Such continuing royalty pay-



Roger Taylor

ments can be a source of irritation to many franchisees. However, Mr. Dick Crook, one of the growing number of franchise consultants, advises franchisees not to be greedy. "After all, you will want your franchisor to be prosperous and financially capable of providing his services to you on a long-term basis," he says.

The amount needed to obtain a stake in a franchise operation varies considerably—from about £5,000 or so for the simplest type of service franchise to over £300,000 for a fast food outlet in a prime location, with about £30,000 as the average start-up cost.

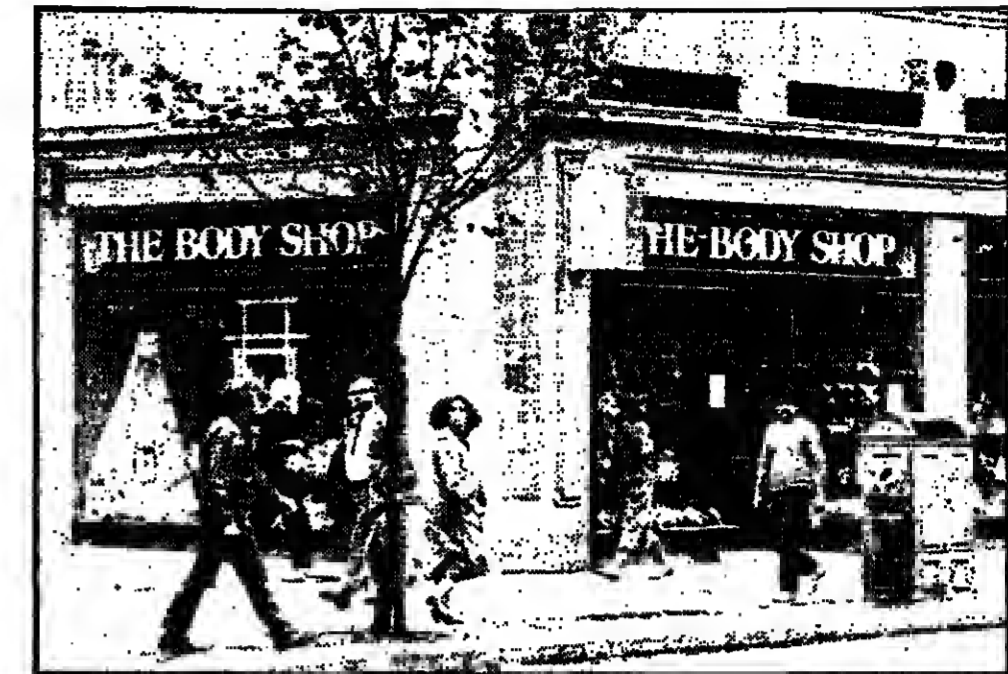
Raising the finance has been made much easier in the past few years. The major UK clearing banks—especially Barclays and National Westminster—have set up specialist departments to check out franchisors and offer financial packages for potential franchisees.

In the UK, most "home-grown" franchisors have tended to be in the service sector, such as drain cleaning, window replacement and so on, while many of the well-known franchise names, such as Kentucky Fried Chicken, are American imports.

Expanding market

Retail distribution franchisees are relatively rare compared with the U.S. or Continental Europe, probably owing to the difficulties in the past in acquiring retail sites. However, UK franchise retail groups such as Frontaprint are now finding it easier to expand as the recession has brought more retail properties on to the market.

The largest growth potential lies in the wide range of retail franchises similar to those found on the Continent, most of them in well-developed for-



Left: Customer at a London Frontaprint shop, part of the fast print chain; and, right, City branch of The Body Shop, the toiletries and health care outlet. In the U.S., fast-growing sales through franchising are expected to reach \$500bn, with 5m people employed by franchising companies.

IN THIS SURVEY

The sectors: many new areas being considered	2
Franchisors: careful selection is vital	2
Licensing: firmly established part of retailing	2
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Agnes Gregory—maternity	4
Europe: variety of regional differences	4
The U.S.: success still breeding success	4
BFA: rapidly-developing trade association	4

hair care services."

American franchisors recently launched a trade mission to the UK and other European countries to pave the way for further U.S. expansion on this side of the Atlantic. One attraction of Europe for the Americans is the absence of strict legal controls affecting companies wanting to set up a franchise operation. There are, in fact, no legal restrictions aimed specifically at franchising in the UK, and the position is the same in many continental countries.

Legal controls

In Italy, while there is no specific law regulating franchising, foreign franchisors must register their trade mark in Rome, or with the relevant chamber of commerce in each region, and make contact with an Italian bank to negotiate and follow through all royalty payments. (One fast-growing Italian

franchising export to the UK is the Benetton fashion chain.) Although the Office of Fair Trading and other UK regulatory agencies are closely monitoring the progress of franchising in Britain to ensure that no unfair trading practices develop, the British Franchise Association has managed to stave off any stronger controls by offering self-regulation. The association was formed in 1977 to help stamp out some rogue traders and to raise standards generally, as well as to promote the franchise concept in Britain.

How fast will franchising in Britain continue to grow? Mr. Tony Duffield, the association's director, says that "there is no doubt in my mind that franchising operations will expand steadily, not least because the system is a route to self-employment for many thousands of people who would otherwise require considerably more capital with which to start their own businesses."



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Franchising 2

Finding the right people to sell your product or service is an essential first step

Careful selection vital

Franchisors
DAVID CHURCHILL

IT IS not only fed-up company executives that are jumping on the franchising bandwagon: many companies themselves are becoming increasingly keen to explore the growth opportunities offered by franchising. Over 1,000 companies a year are seeking guidance from the British Franchise Association about becoming franchisors.

The main advantages for companies of expanding through franchising are twofold. Firstly, it enables a company with a successful operation to expand more quickly than could otherwise be achieved using its own capital. Secondly, the problem of finding highly-motivated branch management is overcome by the expedient of having the "manager" work for himself as a franchisee.

In addition, the routine administrative problems which

can bedevil ordinary company-owned chains are reduced by the franchising system. The franchisor, moreover, obtains greater buying "muscle" through having an expanding number of tied outlets.

But franchising as a means of growth can also have its drawbacks. Loss of management control over franchisees can sometimes lead to harming of the national image that the franchisor is seeking to establish.

Routine

The classic example of this was the Wimpy chain which, after many years of franchising, found that its market image was slipping because of poor-quality service in some outlets. It was thus forced to buy back sites from franchisees and embark on a massive image-building campaign which included setting up company-owned "flagship" sites to show what a good Wimpy should be like. The strategy appears to have paid off, with Wimpy

achieving a much stronger image.

Other problems faced by franchisors include the franchisee feeling that success is due more to his own efforts than that of the franchisor, and this can lead to the franchisee resenting having to make regular royalty payments. Communications can also become a problem, which can lead to conflicting objectives and less willingness by franchisees to co-operate in the running and development of the system.

"Most of these problems arise, however, when the franchisor has not selected his franchisees with sufficient care," points out Mr Peter Stern, assistant franchise manager at National Westminster Bank. "Personally, suitability for the particular franchise, family support and financial background are all important factors to be considered in this very vital area of franchise recruitment, and a franchisor delegates his selection process at his peril."

Many franchisors at a recent BFA seminar felt that their early choice of franchisees had been bad. Many were unable to resist the temptation to sign up the franchisees simply because the franchise was a new one and the franchisor wanted to get it operating, with the idea of solving potential problems later on.

Companies that are considering franchising as a means of expansion need to consider several factors. These include whether there is sufficiently large market demand for a product or service and whether it can easily be franchised.

In addition, the franchisor should consider whether or not the product or service has staying power, or whether it is just a passing fad. Would-be franchisees should be clear whether effective and simple controls can be established and whether the company itself has sufficient depth of management to recruit franchisees and to develop the franchise.

"If the answers are positive," suggests Mr Stern, "then the prospective franchisor should go forward with a pilot operation to test the market formula, prove its viability, highlight problem areas, and perfect the package by experimenting with opening hours, advertising methods and so on."

The minimum period for a pilot run should be from six to nine months, he adds, "and in many cases it would be wiser to operate several pilot schemes in tandem for 12 months or more."

While franchising reduces the cost of expansion compared with traditional methods, setting up a properly constructed franchise operation still costs

money. For example, the franchisor's costs of establishing a service franchise with a small regional network could be around £20,000, while a national chain would cost more than £100,000.

The benefits of franchising as a means of expansion have been shown by the Body Shop, which recently secured a quote on the Unlisted Securities Market. The Body Shop offers health and beauty products in a manner which emphasises nature, in contrast to the heavily promoted and packaged products from the established beauty houses. The Body Shop has 94 franchised outlets, of which 37 are in the UK.

Kennedy Brookes is another company that plans to grow through franchising. The company, which has expanded from a small hamburger outlet to include Wheelers and Maxime's restaurants in its portfolio, intends to develop the Mario and Franco restaurants through franchising.

There are a number of other sectors and companies which are using franchising to expand into the UK market. Fresh baked cookies, for example, are a popular franchise in the UK. United Biscuits is testing the market by opening six company-owned outlets in London as a pilot scheme for an operation called "The Cookies Kitchen."

Positive

In Stoke on Trent, what is claimed as the first "drive thru" takeaway outlet was opened earlier this year under the name Campbell's Kitchen. This is based on an American concept and the Stoke operation enables 12 cars to be served without queuing, with orders turned around in two minutes. There are plans for 35 more outlets over the next four years.

The de-control of telephone sales has paved the way for a new franchise called Phonacentre which sells a range of telephones and hopes to have 100 outlets by the end of the year. Mini-photographic labs, which can develop films in an hour, are very big in the U.S. and the French company KIS International is developing the market in the UK with several major retail chains testing these labs as in-store franchisees.

Other new areas for growth include franchises offering professional and semi-professional services to businesses, such as operations providing accountancy services. The Alfred Marks employment bureau is also looking at expanding through franchising in East Anglia and the South West, where it is not currently represented.



Customers at Spud-U-Like, the fast food outlet based on baked potato fillings

From fast food to photos

The Sectors
DAVID CHURCHILL

THERE ARE more than 200 franchisors operating in the UK at present and the numbers seem set to grow as more companies realise the benefits of franchising. While many new areas for franchising are being considered—such as providing professional services for businesses—most of the established franchisors are in a handful of major sectors.

The best-known is probably the fast food business. Yet, perhaps surprisingly, many of the major companies in the sector have pulled back from wholeheartedly embracing franchising in the past few years. This is because the fast food industry has had a number of problems—most notably the imposition of VAT in this year's Budget—and many companies are determined to get their formula right before expanding too fast through franchising.

McDonald's, the U.S. owned fast food chain, has so far eschewed franchising in the UK but is now planning to change this policy. The biggest UK fast-food franchisor remains the Wimpy chain, now owned by United Biscuits. Started in the UK in 1955 by J. Lyons, Wimpy entered franchising in 1957; there are now over 420 Wimpy outlets in the UK and a total of 400 worldwide.

United Biscuits bought the chain in 1976 after Wimpy's market image had begun to suffer through poor control of franchisees and failure to adapt to the changing customer preference for counter rather than waitress service.

Wimpy now has some 23 com-

pany-owned counter service outlets, which it uses to test new equipment and management techniques, and generally provide an example to franchisees. UB plans to keep a core of company-owned outlets, but intends to reduce their importance by encouraging further expansion through franchised outlets.

Kentucky Fried Chicken appears to have overcome some of its marketing problems of recent years and re-established its position as the leading chain selling fried chicken. The company is to invest \$60m in the UK over the next five years opening 350 more restaurants.

Spud-U-Like has been one of the most interesting new developments in recent years, offering instead of the usual hamburger or chicken, a baked potato with a variety of fillings. In 1982 the British School of Motoring acquired the franchise, and there are now some 47 outlets operating in the UK with a further seven openings planned before the end of the year. One of the advantages claimed for Spud-U-Like is that it has a lower start-up cost (around £50,000) than that for a typical hamburger franchise outlet (about £200,000).

Apart from fast food, another well-established franchise sector is that provided by car services. This sector has had its problems over the years and some companies have pulled out. Masterserve, for example, which offered on-the-spot complete vehicle service and maintenance, is no longer franchising because it wants tighter control of its operations than can be achieved through a franchised network.

Budget-Rent-A-Car has established itself as number three in the car rental market worldwide through a franchise operation. Budget has over 100 outlets in the UK and has extended the type of franchisees it seeks, from motor dealers to entrepreneurs from any area. It offers a financial and accounting service to new franchisees and has available a field force of skilled managers to ensure that standards are maintained.

With some 17m cars on the road, there remains plenty of scope for growth among franchisors offering a service to motorists. Silver Shield, for example, has a major slice of the replacement windscreen market, while over the past 16 years Home Tune has established itself in car tuning with almost 250 franchised operators.

Outlets

The Mintel market research company, in a recent report on the franchise sector, points out that "where a car services franchisor has a sound business format, the franchisee can earn a reasonable living without making a fortune or, where the prospective franchisee already has a strong established business, a franchise such as Budget-Rent-A-Car can represent a profitable addition."

Retailing is another major franchise area. Booker McConnell, for example, is rapidly expanding its Holland and Barrett health foods chain through franchising—a clear example of how quickly to expand to meet booming demand. Singer, the sewing machine manufacturer, has now con-

verted its retail operations completely to franchising.

Another Booker development has been to take on a number of franchisees from Sperrings, which operates convenience stores in the north of England. The convenience store sector is expected by some analysts to show significant growth in the next few years as an alternative to the trend towards large food stores.

Other retail outlets offer a variety of services. The instant print sector continues to grow rapidly with companies such as Printaprint and Kall-Kwik. Printaprint, moreover, is also developing as a franchising servicing operation, rather than just expanding the print chain. The holding company has purchased Poppies, a cleaning franchise, and Fudge Kitchen, a confectionery franchise, and is also helping other companies to develop retail outlets as franchised operations.

Exchange Travel, a retail travel agent and tour operator, is developing its travel agency business through converting existing independent agencies to Exchange Travel outlets as well as opening up new franchises.

Another different retail franchise is Fastrame, which offers instant picture framing services to the general public and business sectors.

Mintel concludes in its report that "it is certain that service shops will continue to develop and, while the market must peak out at some point, their ability to promote new business will ensure that this will be a good growth market for some time."

Fashion friends for Mickey Mouse

Licensing
DAVID CHURCHILL

PRESIDENT Theodore Roosevelt can be said to be the father of the licensing industry. After all, it was he who gave permission for the Ideal Toy Company to use his name. "Teddy" as describing a stuffed little bear that the company was proposing to manufacture.

"Now, some 77 years and many millions of pounds later, it's hard to believe that you could say an unkind word about these cute and cuddly creatures like Mickey Mouse, Snoopy, etc," suggests Mr Keith Bales, managing director for consumer products and marketing of Walt Disney Productions.

Licensing as a modern-day industry traces its origins back to the 1930s when Disney's Mickey Mouse was first used on children's school writing pads and soft toys. From that small beginning, licensing has grown worldwide to the point where consumers spent almost \$17bn on licensed products in 1982.

In the UK, licensing is growing as an accepted part of the retail industry as store chains battle it out with each other to attract customers.

Not only are department stores and chains such as British Home Stores and Littlewoods spending many millions on new store design, they are also trying to create "uniqueness" in their product ranges by adopting licensed "designer" labels.

"Licensing has shed its old image as simply producers of novelty merchandise," says Mr John Withers, a licensing consultant to major store groups in the UK. "Licensing is now firmly established within the retail industry. With the change

to leisure wear, many new concepts emerge with the dawn of every fashion season."

Moreover, he points out that "some licensing organisations are in the process of acquiring personnel with expertise in the fashion industry." This, he maintains, "is a welcome sign in a highly volatile industry."

Successful licensing of a character involves two stages. Firstly, finding the right character to license. "It would be easy to think that the characters offered were old faithfuls such as Mickey Mouse or Fred Flintstone," says Mr Bales. "But the choice is staggering and broad and, as it grows, risks add to the challenge."

For example, he points out that children are notoriously fickle in their tastes and that any character should also win the approval of parents who are their actual purchasers. Moreover, he highlights the dangers of a licensing involvement with a forthcoming feature film: "The movie might die after a six-week run so you are left with a competition based on the movie and offering the chance to win tickets to a film that is no more."

The second stage after finding the right character to license is to make the character work for you. "Promotions, such as competitions, collectables, games, and even money-off coupons, should all relate to the character to further emphasise its tie-in with the product. As part of getting the most out of a character, consider using it in conjunction with salesforce incentive schemes and as a focal point for trade presentations," suggests Mr Bales.

Licensors often claim a royalty of up to 10 per cent for top characters, although those that seek higher fees tend not to work, if it means that the price of the products are pushed up so that sales suffer.

One new development has been pioneered by a London company, Image Merchandising and Marketing. This company puts together ranges of merchandise which are integrated around a theme or lifestyle—such as a home furnishings range called "The House of Louis Nichols"—and then selling this to retail outlets. The company also ensures that delivery and stock control is carried out efficiently.

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Franchising 3

How to take the first steps to success

The franchisee

DAVID CHURCHILL

FRANCHISING IS the means for many people to achieve their life's ambition of casting off the shackles of organisational life and running their own business.

According to Prof John Stanworth, director of the Small Business Unit at the Polytechnic of Central London, who has carried out extensive research into the motivations and working aspects of beginning a franchisee, it is quite possible that as many as 50 per cent of franchisees would, not otherwise, have become self-employed were it not for the franchise format.

His research, moreover, found that fewer than 15 per cent of franchisees wanted to operate an entirely independent small business. Franchising offers most of the advantages of running your own business, such as independence and job satisfaction, without many of the drawbacks which result, in such a high failure rate for most small businesses. Franchise operations do fail as well, but the rate is generally much lower than that for small businesses overall. Moreover, taking on a franchise with one of the more reputable and well-established franchise operations, and raising finance through a clearing bank, makes the potential risk much less. Unlike the banks nor the established franchisees want their franchisees to fail, so their screening procedures to weed out those unsuitable are fairly rigorous and, becoming increasingly sophisticated.

Earnings

Few franchisees are willing to say publicly exactly how much they earn from their businesses, although what evidence there is suggests that a good franchisee who works hard can enjoy an income much greater than he could reasonably expect from working for someone else. Although redundant workers and executives have been a significant factor in the upsurge in interest in franchising in recent years, most potential franchisees are in employment when they decide to enter the business. The typical franchisee is likely to be a man in his late 30s, although more women are now taking up franchises — who is married with children and is likely to work with his wife in the business.

Most franchise experts agree that the potential franchisee should very carefully examine his motives for wanting to take up a franchise before even deciding what sort of franchise to go for, or seeking finance. Potential franchisees should not delude themselves when considering their own capabilities and long-term ambitions.

"As a potential franchisee, you should make certain that your skills or aptitudes are compatible with the franchise," points out Mr Peter Stern, assistant franchise manager at National Westminster Bank. For example, it is unlikely that, even with training, someone without the ability to mix with people, or without a modicum of natural sales ability will be successful in a heavily sales-orientated franchise.

In addition, it is important that a would-be franchisee discusses with his family the hard work and commitment needed to make a franchise become a success. It may be that on considering it carefully, you and your family decide that the financial strain in the short-term and possibly long and unsocial hours are simply not worth it.

Value

So how do you pick a potential franchise operation? Mr Dick Crook, a franchise consultant, points out that all franchisees are clearly not the same. "Some give super value for money and have excellent franchise programmes which are well able to stay the course," he says.

Others, however, are "good ideas" not yet properly developed and may be run by people who are inept at either the business or franchising. "A few are actual 'confidence games' and the franchisor has no intention of providing a proper franchise package," he warns.

Mr Crook suggests that potential franchisees should start judging franchisors immediately on how efficiently they handle an inquiry for information. "Beware of the hard-sell approach," he adds. The first personal contact with the franchisor can also give some clue as to the type of operation run by the franchisor. The place where the initial meeting is held — office, hotel room, or bar — can be a clue, although would-be franchisees should be wary of being taken in by too-affluent a setting for the initial meeting.

Most franchise experts recommend that the franchisor should have at least one scheme in operation which is separate from the company's normal operations. Franchisors seeking to franchise an unproven idea, where the potential problems have never been identified, should be avoided. When choosing a franchise, bear in mind some simple marketing logic. Assess the type of market the franchise is in — is there scope for product development, for example, and what sort of competition is there already?

Prospective franchisees should also assess the status of the franchisor. Check the length of time the company has been in operation, how long it has operated franchise outlets and their degree of success. Also check the financial standing of a franchisor through a bank status report and, where possible, the company's accounts. If possible, contact some of

the existing franchisees of your own choice to see how much support they received and what problems they have found. Be wary of a franchisor who refuses to give you names and addresses of those to contact.

Two easy checks to make about a franchisor are whether or not they are full or qualifying members of the British Franchise Association and whether or not the clearing banks are prepared to finance franchisees.

For would-be franchisees wanting to get more information on franchising without obligation, the national franchise exhibition being held next week at Kensington Exhibition Centre will provide an opportunity to compare a number of possible franchisors who will be exhibiting there.

Another key factor in determining the sort of franchise you can take is the amount of finance available. Potential franchisees must have access to at least some of the start-up capital required, whether this comes from life savings, an inheritance, redundancy payments, or from selling the family home. Mr Patrick Salun, franchise manager at Barclays Bank, points out that "bankers naturally like to see some financial commitment from the franchisee and would expect this to be of the order of 33 to 50 per cent of the total setting-up costs, depending on the characteristics of the franchisee's business."

The major clearing banks have emerged in the past few years as one of the prime movers in the growth of franchising, with Barclays and NatWest leading the way although the other banks have joined in as well. Since it started specialising in franchising in the early 1980s Barclays alone has dealt with 10,000 potential franchisees and advanced some £10m in start-up capital.

The advantage of raising finance through one of the banks is that it is in their interests to thoroughly vet the franchisor — so you can be fairly confident that the bank's conclusions about the franchisor of your choice ought to be sufficient guide to whether it is worth going ahead or whether there are danger signals.

Finance package

For the well-established franchise operation, the banks now have developed custom-tailored finance packages for new franchisees. These might include overdraft facilities, short-term loans of between five and 10 years to finance the start-up costs, and personal and business insurance. Interest rates charged are usually in the range of from 2.5 to 4 per cent over the bank's base rate, depending on the quality of security offered.

Although the banks' franchise specialists monitor the development of franchises carefully, the actual lending decision is made at branch levels. "In all cases it is the local branch



Richard Carr, Wimpy franchisee with a marketing eye, has invested £1.5m and expects £300,000 pre-tax profits this year

manager who makes the lending decision since it is he who sees the individual franchisee and has local knowledge of the area," Mr Salun says. He also emphasises that "a supportive bank does not confine itself to helping the franchisee establish himself in the early days of his business, but goes on assisting him at all stages of his development."

Choosing a franchise is also determined to a certain extent by the amount of finance available — both from borrowings and from a franchisee's own resources. Experts point out, however, that choosing a franchise on the basis of what you may be good at — may not encourage success.

Cost of new franchises vary considerably and, like most things, cost more each year. When Dyno-Rod franchises were first offered in the 1960s, they could be obtained for as little as £500. Now, it could cost you £150,000, although annual earnings of between £25,000 and £30,000 can be expected.

At the lower end of the cost scale are the so-called "job franchises" where premises are not needed but are based on the individual providing a service such as home decorating or repairs. These franchises can cost as little as £6,000. Other service franchises — such as hairdressing or home beauty treatments — can cost from between £10,000 to £15,000, while most retail franchises are in the £20,000 to £30,000 range at least. Restaurant franchises are the most expensive — costing at least £50,000 but often a lot more.

Having chosen and acquired a franchise, is it then all worth it? Prof Stanworth's survey found that few franchisees felt they were being "over-supervised."

"Franchisees' independence may be less than the most independent of small business but, in reality, many franchisees have exchanged an element of their independence for the kind of security and support that allows them real independence in many other areas of operation," Prof Stanworth points out.

CASE STUDY: RICHARD CARR

Burger breakthrough

RICHARD CARR became a Wimpy franchisee more by accident than design. After a number of years in the catering and hotel management business, he decided to invest family money in a Golden Egg restaurant in Bournemouth, which was being sold off by United Biscuits.

With a keen marketing eye, he changed its name to Hamby and used a logo design very similar to Wimpy's. The move, not surprisingly, attracted attention from Wimpy as well as a threatened court case. At that stage, Mr Carr decided it was simpler to join the "opposition," so in 1981 he took out a Wimpy franchise in Bournemouth. "The outlet did not operate profitably for some months, partly because of the economic

climate in the area at the time," he recalls. Wimpy gave him support and eventually the Bournemouth outlet started trading profitably. However, Mr Carr realised the winter cash flow problems of operating in a seaside town would continue to be a problem for him, so he decided to move to London where all year round trading was possible.

At the end of 1982 he bought a Wimpy restaurant off Oxford Street, and then opened a new restaurant in Guildford. He set up a company to run the operations, called Allied Restaurants, and this year took on the franchise at an outlet near Victoria Station.

Apart from the family money used to open "Hamby" in Bournemouth, Mr Carr has relied on finance from

Mercantile Credit and to a lesser degree from National Westminster. Both offered him 60 per cent of the total cost, providing he was able to come up with the remaining 40 per cent. This he has been able to do through using the cash flow from existing stores.

Since first becoming a Wimpy franchisee, Mr Carr has invested £1.5m and this year his company expects pre-tax profits of £300,000, including interest charges of £80,000. He believes Wimpy offers a potentially different type of franchise to many of the smaller operations. "It can be an investment franchise," he says. "You are more likely to be running your own business and see it grow, than to stay small with one outlet."

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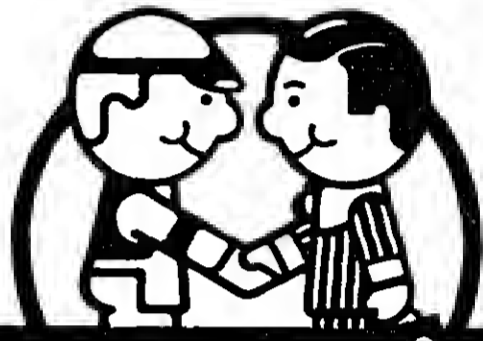
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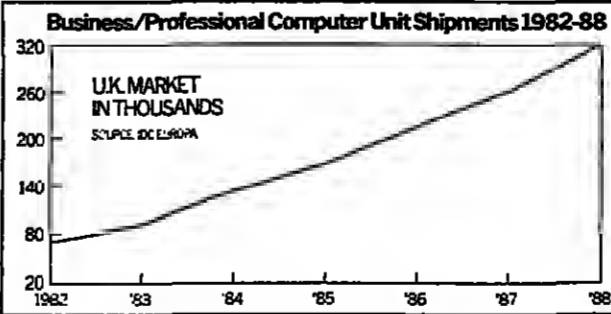
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CASE STUDY: AGNES GREGORY



From here to maternity

CIVIL SERVANT Mrs Agnes Gregory, with four grown-up children, was bored with her routine life in a government department based in Manchester. She felt it would be fun to run her own business.

She decided at an early stage that a franchise seemed like a better idea as it provided the guidance and experience of a successful organisation while also retaining the independence she originally wanted.

Fashionable

Mrs Gregory first asked about setting up a Pronounia bridal wear shop, a franchise operated by the Young's Franchise Group, but quickly became more interested in details about the La Mama franchise, which aimed at providing fashionable maternity wear. "After all, I've had four children myself, so I should have some idea about what mothers-to-be want," she says. Armed with £10,000 savings that she and her husband had

accumulated over the years, Mrs Gregory was also able to secure a £20,000 loan from National Westminster and have access to a further £5,000 overdraft facility.

She was given extensive training in operating a shop by Young's, including how to train her own staff and how to cope with the clerical work. Since her La Mama maternity wear boutique opened in July, she has been given continual advice, assistance and back-up by Young's.

"One of the great advantages of owning a La Mama franchise is the opportunity of running your own business without being totally alone," she says. "The staff at head office are literally a phone call away and that's a terrific comfort to me in my first months in business."

Mrs Gregory sees very few drawbacks at present. "You are never 'totally' your own boss — but if you compare the risks, a franchise works out much better."

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FAST FOOD FRANCHISE SPUD U LIKE With over 50 Baked Potato Restaurants now open or planned, SPUD U LIKE is growing fast and right now there are opportunities for people to join the franchise and share in our success. With a minimum investment of £15,000 attractive finance schemes are available to enable you to open a franchised unit. As a franchisee you benefit from initial training, ongoing support, centralised marketing and purchasing, whilst still enjoying the rewards and satisfaction of running your own business.

TAKING A FRESH CLEAN LOOK AT FRANCHISING? One of the UK's most successful retailers will be launching its franchise operation at the National Franchise Exhibition See us on Stand 24

WILL FRANCHISING WORK FOR YOU? WE'LL GIVE YOU AN EXPERT OPINION We are franchise experts. And we've assisted more successful franchisors than anyone in Europe. As your consultants, we'll show you where the profits are and where the pitfalls are. We set-up systems that last, systems where the legal work, the marketing work, the franchise work, the ground work, the follow-up work all done, and done right. Cattan Associates. Our experience works for you.

Franchising 4

A boom to match that on other side of Atlantic

Europe GODFREY GOLZEN

THE DOMINANCE of franchising in American retailing, where it now accounts for a third of national turnover, is often quoted as a portent for the future of shopping in the UK. But not all American trends cross the Atlantic, so it is even more impressive to point to the fact that retail franchising on the Continent is already approaching U.S. proportions.

Italian-based Benetton's turnover has risen from £27m in 1978 to £200m in 1983, from over 2,000 franchised outlets. In France, Philidor, another clothing franchise, has a similar number and in Belgium there are two supermarket franchises, each with 250 shops.

In fact there are around 40 franchises in Europe with more than 100 outlets and a large number with over 50. In the UK only a handful have achieved that kind of spread. Though franchising is growing rapidly throughout Europe, it is in France where it has become most firmly established, particularly in clothing and fabric retailing. One reason for this is thought to be the geographical structure of the French market.

ling to independent stores a very cumbersome and expensive operation and some French franchises resemble a kind of wholesaling on the model of the UK's tied pubs, rather than the detailed business format which is usually worked out in this country.

It also means that royalty levels are lower than in the UK. Between 3 per cent and 7 per cent seems to be about the norm and indeed some franchisors work purely on the basis of a mark-up on supplies. That is true of the best known of the French franchises to have penetrated the British market, the cosmetics firm Yves Rocher. It is also the way Benetton operates.

Biggest impact

The European franchise that has made the biggest impact on the British market, though, is the French bridal wear company Pronuptia.

Its 70 shops are operated here under licence by Edward Young, whose interests originally were in hiring out men's formal wear. Pronuptia is not thought of as an imported franchise at all and in the opinion of Mr Duncan Whitfield, chairman of Home Tuna, licensing rather than direct control is the right way for this kind of franchise to enter other countries. He is currently launching Home Tuna in France in precisely this way.

There are few contributions outside Paris. That makes sel-

Success still breeds success

United States FRANK LIPSJUS

FRANCHISING IS still growing in America, with new products such as customer-stained glass windows joining the ranks of the original franchising fast-food and hotel businesses and even entering unlikely fields such as banking and business brokerage.

Franchises were worth \$436m in sales in 1983, according to the U.S. Commerce Department, represented a third of American retail sales, 5m jobs and 15 per cent of the country's gross national product. In 1984, the industry expects a growth of 9 per cent over 1983—and 300 per cent in the past 15 years.

The growth rate reflects the continued success of such businesses as McDonald's and Holiday Inns, but also extension of the field into more marginal businesses.

Money to be made There is of course money to be made in Edie Adams Cut and Curl, Cottman Transmission (for cars) and H and R Block income-tax preparations. But Mr Stan Luxenberg notes in his Roadside Empires, the first history of franchising, that many more franchises—like any business—fail than succeed.

One foreign franchisor, Benetton clothes, has made stunning inroads in America, as well as Europe. Expecting this year to get 8 per cent of the company's estimated \$300m revenues in America, Benetton operates 180 of its 2,600 shops in the U.S. Benetton opened its first shop in New York only four years ago showing the value of franchising for rapid expansion without the need of great capital.

While franchising is still looked on as a way to make America a nation of entrepreneurs, larger companies are now stepping in as franchisees. The first Greyhound bus station to sport a Burger King was 1975 in Philadelphia, a number that has grown to 25 and will continue to grow both in and out of the bus stations. Greyhound has found a Bург King a ready alternative to its own lack-lustre chain of restaurants.

The association carries out a screening of new applicants for membership which covers a complete check of the franchisor's financial background, an examination of its legal agreements with franchisees, its willing-



Computerland

ness on the ground who thoroughly understands local consumer preferences and habits. A method of operating that is successful in one country won't necessarily travel to another in its entirety—or at all.

Mr Whitfield says that cultural and socio-economic differences are reflected in which franchises are successful in various countries. "Fast food hasn't really got anywhere in France, but in West Germany, where there's less variety, the Wienerwald restaurants have done very well." He thinks that differences in education may account for the fact that one extremely successful German franchise has not

spread here—Portas, which renovates front doors. It requires a considerable degree of skill in carpentry, which the German apprenticeship system produces to a greater degree than ours.

On the other hand, Portas is expanding successfully into other EEC countries, where home maintenance is a boom-time franchise area. There are also regional differences to take into account, Mr Whitfield is launching Home Tuna in the north-west of France. "It's still a predominantly rural country—if something doesn't work in the provinces, it won't work at all."

Although Mr Whitfield is spending a good deal of time in France—he speaks the language fluently—he is leaving the actual setting-up of the franchise to his French licensee. He regards him as a partner, rather than as a franchisee on a larger scale, and is expecting only a modest 2 per cent royalty from the arrangement. "If the originator tries to take too much from the licensee, the balance of mutual advantages between franchisor, franchisee and customer, which is the basic principle behind franchising, can't operate."

It is this self-regulating factor which he hopes will control franchising in Europe rather than EEC edicts. As chairman of the European Franchising Federation, he is uncomfortably aware of this possibility.

The Treaty of Rome has already outlawed the allocation of exclusive territories to franchisees, but the federation has successfully resisted a move to abolish tied purchase agreements which are necessary to maintain quality control in certain types of franchises. In the U.S. excessively interventionist consumer legislation has stopped franchising in its tracks in several states and he hopes this will not happen here.

The European Franchising Federation's Code of Ethics, modelled on the BFA one, is designed to satisfy legislators that franchising combines an adequate degree of consumer protection with the urgent need to create more small business opportunities.

Franchising has slowed down with the falling growth in shopping malls, where American franchises thrive. The decline reflects a demographic change away from suburbs and back into town centres, which are inspiring a new generation of specialised products, like Mail Boxes, a post-office style service that beats the Government by staying open all night and taking a variety of messages.

VR Business Brokers sells the idea of shared listings and aggressive solicitation for businesses that might be for sale. The franchisee pays \$22,500 to share the name and the lists, with commissions divided between brokers, with VREB getting 6 per cent of a company's gross income as its royalty.

Even banks are now franchising, with First Interstate Bancorp spreading to five states from its Los Angeles base. Franchisees of the bank use its name, data processing and automatic teller machine network while sharing the benefit of national advertising.

Urbanisation is also forcing franchising to meld with existing city businesses. Such a version franchising "works well in real estate, where Sears, Roebuck and Company and Trans World Corporation have big names (Coldwell Banker and Century 21) to promote franchising in the business with regional lists and a highly recognisable signboard. The signs jump out of the landscape after they are exposed on prime-time networks advertising.

So, not surprisingly, the largest franchisors are among the largest advertisers, led by McDonald's which increased its advertising from \$125m in 1982 to \$186m in 1983. As the field becomes more specialised, there is also a growth in "patent" success stories that franchisor teaches unique skills or sells a product it can con-

tinue to collect royalties on. For a skilled artisan the franchise is almost a 20th century guild which provides a name and guarantees a product. Stained Glass Overlay, like Postal Instant Press, various photo finishers and Computerland sell a skill through a familiar name.

Franchisors turn apprenticeship into a fee and lessons, so that people can perform a service without having a background in glassblowing, electronics or photography. Patented process franchising can prove to be dangerous if technology changes too fast to maintain premium prices on new products. Photo finishing has been hit by great competition since the difference between one hour and two is usually more in cost than convenience.

Franchisees turn apprenticeship into a fee and lessons, so that people can perform a service without having a background in glassblowing, electronics or photography.

Patented process franchising can prove to be dangerous if technology changes too fast to maintain premium prices on new products. Photo finishing has been hit by great competition since the difference between one hour and two is usually more in cost than convenience.

The franchisee suffers first rather than the parent company that has risked nothing and promised itself a cut of all future profits.

Franchising fraud laws have had to be introduced in 15 states that see the potential for franchises to turn into door-to-door pyramids.

The Federal Trade Commission requires that franchisors provide a disclosure document that covers 20 subjects: a franchisee must be told about, covering renewals, transfers and terminations.

The industry boasts that only 3 per cent of franchisees go bust. In fact, 65 per cent of all new businesses fail within five years. The figure is itself a distortion because of the weighing in of successful franchises that survive and endure, while the failures, each happen only once.

While 20 per cent of new franchisees fail in the first year, the failure rate falls to 8 per cent over five years, showing how success can still breed success once initial failures are weeded out.

Computerland's Manchester store, one of the company's 48 microcomputer stores in Europe, due to expand to 70 by the end of the year. The California-based corporation, founded in 1976, has stores in 12 European countries plus Israel, and about 700 stores in 24 countries worldwide.

Nothing succeeds like success

The USA's foremost professional service organization is looking for new associates in the UK. Applicants will require £25,000 capital and a desire to build their own successful business. They will receive all the backing and active support necessary to succeed. For more details, contact Alan Vaughan, ServiceMaster Ltd., 50 Commercial Square, Leicester LE2 7SR, or ring 0533 548620.

ServiceMASTER logo and contact information.

PASSport to SUCCESS UK

PASS & CO have over 25 years of success in the treatment of Woodworm, Dry Rot and Rising Damp. Our complete franchise package is complete with full training, all the necessary tools and equipment plus full supporting technical and marketing back-up, the system has now been fully proven by our first 30 franchisees. Several important areas still remain to be taken up and these exciting opportunities must be covered within the immediate future to enable the completion of our nationwide network. Suitable applicants will receive a rapid development of their training and achieve high net savings of approximately £14,000 in the first year rising to over £20,000 in year two. A total investment of £15,000 including working capital is required (£5,000 minimum cash investment with finance package supported by leading banks available).

PASS & CO logo and contact information: Pass & Co Timber Preservation (UK) Ltd., Tel: 01-539 1105 (5 lines).

FRAME Instant picture framing. Fastframe is one of the most exciting new retail franchises to be launched in recent years. It combines an expert picture framing service with an attractive shop layout. Fastframe provides a total package including site selection, training, launch and ongoing group purchasing and marketing support. Min. capital investment £10,000 Total capital investment £30,000.

FRANCHISE As the company who first introduced Apple to the U.K., Personal Computers Ltd., London, are the forefront of this important and expanding market. Personal Computers Ltd. are major distributors for Apple, IBM, and D.E.C. and are appointing a limited number of individuals or organisations to establish outlets in the U.K. Investment approx. £70,000. Equity finance available. Inquiries to Bryan Wilkes, Personal Computers Ltd., 218 & 220-222 Bishopsgate, London EC2M 4JF or phone 0454 32831.

Personal Computers Ltd logo and contact information.

Shoppers love the convenience you'll love the success. Convenience stores are one of the fastest growing sectors in U.K. retailing. ServiceMaster is the most successful company in convenience stores. A ServiceMaster franchise offers a franchise programme developed by Europe's most successful professionals, a brand image created by Europe's most successful designers, a marketing support that creates success from day one. More importantly, you have a uniquely profitable business. We have a number of sites available for franchising in 1985 and 70% bank financing is available on the 200-120,000 investment. Contact us today. Mr Tuohy - send me the Sports franchise kit.

SPRINGS logo and contact information.

Force for more regulated future

British Franchise Association DAVID CHURCHILL

THE BRITISH Franchise Association is developing rapidly in line with the fast growth of the business-format franchising sector and looks set to continue to be a key force in the development of franchising in the UK.

The association was formed early in 1977 to help weed out the cowboy operators who were beginning to give franchising a bad name and to establish guidelines for operators.

In particular, the well-publicised pyramidal selling scandals of the late 60s and early 70s did considerable damage to the public awareness of franchising, even though pyramid selling was only a tiny part of the franchising movement. The damage done, however, was enough to bring together

eight large UK franchising companies to form an association of franchisors.

One of the association's first tasks was to establish a code of ethics. Mr Tony Duffield, the present director of the association, says that "the value of the code has since been proved time and time again by events, and today it stands unimpaired and accepted by the industry and the country at large as the benchmark for professional, properly-constructed franchises."

The 10 paragraphs of the association's code include endorsing the Advertising Standards Authority's rules on advertising ethics, and seeking to ensure that franchisees are given the fairest possible deal. Mr Duffield adds that "the establishment of the standards and the task of educating companies into the industry to meet these standards has been one of the major tasks of the association."

The association carries out a screening of new applicants for membership which covers a complete check of the franchisor's financial background, an examination of its legal agreements with franchisees, its willing-

ness to abide by the code of ethics, and whether or not there is a successful pilot franchise already operating.

The membership proposal is placed before the association's executive committee and is afterwards proposed at a quarterly council meeting.

Still developing

There are two membership grades: those companies with full membership that have been trading for some time and are established franchisors. Qualified non-member companies are those which are still developing their franchises but are eventually to reach full member status.

From the original eight founders, the association now has over 80 members, of which 61 are full members. Many companies have emerged from the accreditation procedure a great deal wiser and better able to understand how to properly construct and operate their own franchise system," adds Mr Duffield.

He took over as director of the association earlier this year after a year as chairman. He replaced Mr Tony Jacobson who

had been responsible for giving the association such a strong start over the past six years. Mr Duffield is on secondment from Wimpy International, where he is senior manager, and is also chairman of the Take Away and Fast Food Federation.

The association's office last year handled over 10,000 inquiries from prospective franchisees, franchisors, and the general public. More than 2,000 executives have attended association-sponsored seminars and conferences and this year Mr Duffield and his colleagues have been actively lobbying MPs to make them aware of the contribution franchising makes to the economy.

The association is also sponsoring next week's national franchise exhibition which is being held at the Kensington Exhibition Centre in Derry Street, West London. Over 60 exhibitors will appear at the exhibition and special seminars will be taking place throughout the three-day exhibition.

The British Franchise Association's address is Franchise Chambers, 75a Bell Street, Henley-on-Thames, Oxon RG9 2BD. Telephone: 0491 57049.

SPRINGS logo and contact information: Mr Tuohy - send me the Sports franchise kit.

Media Technology placing to raise £3m

Media Technology International, which supplies technically advanced equipment and services for the film, television, theatre and professional photographic industries, plans to join the USM later this month.

Its biggest subsidiary, Joe Dunton Cameras, which accounts for roughly two-thirds of group profits, provides a rental service, mainly to film production crews requiring cameras, lenses and ancillary equipment.

Hawtall Whiting heads for USM

Hawtall Whiting, an automotive design engineering consultancy which has worked for several major car manufacturing companies, is coming to the USM with a market value of about £12.5m next week on a p/e of between 10 and 11.

Less well known than the famous car stylers Pininfarina or Giugiaro, Hawtall Whiting, established in 1970 by its three directors, concentrates on the engineering of the car rather than its appearance. The staff of more than 300 will redesign a four-door saloon into a five-door hatchback, or construct a new bumper using lighter but stronger material.

BOARD MEETINGS

Table listing various companies and their board meeting dates, including Stoke Bond, Elm, Forward Technology, etc.

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

Hawtall Whiting has received offers for its shares from USM. The directors have accepted an offer from USM for the whole of the company at a price of 12.5p per share.

Johnston first half downturn to £1.6m

LOWER PRE-TAX profits, down from £1.83m to £1.59m, are reported by Johnston Group, civil and mechanical engineer, for the six months to June 30, 1984. Group turnover increased by 12 per cent from £35.25m to £39.31m, and this increase was more than accounted for by the work carried out in the Turks and Caicos Islands on the contract to construct a holiday village for Club Mediterranée, on which contract virtually no profit has been taken within these figures.

Turnover on engineering was marginally below, and in civil engineering supplies marginally above that for the first six months of 1983. The engineering companies performed satisfactorily during the first half despite a continued loss to the group's North American subsidiary. In civil engineering supplies, the roadside activities performed well and earned good profits. The companies involved in the manufacture of concrete and Armafio pipes have, in previous years, benefited from the high production levels and improved profit margins obtainable from substantial export orders.

Pifco expands with £10m buy

Pifco Holdings, manufacturer of electrical houseware and personal care appliances, plans a substantial expansion through the acquisition of Swan Housewares from BSR International for about £10m.

appointing in recent years, with the pre-tax result in the latest year, at £1.55m, only slightly up on the previous year's £1.42m. Pifco said in its recent annual report that it was adopting a new strategy of concentrating more on up-market products designed to boost turnover. Announcing the agreement in principle to buy Swan, it said it believed the purchase would improve its position in the houseware market. Swan-brand products include kettles, saucepans and toasters.

casting an increase in pre-tax profits from £442,000 to £1.9m for the year to January 10 on turnover which will more than double from just under £6m. In 1983 it made a pre-tax loss of £112,000 on turnover of £3.85m. About 15 per cent of this year's income will be currency gains from the strengthened dollar. The directors feel that the company has developed a broad enough base and sufficient capacity to ensure a more steady flow of income in the future. General Motors accounts for 30 per cent of turnover in the current year, spread between different GM divisions.

Tops £3m rights for acquisition

Stockbrokers Quilter Goodison are arranging a placing of £3m worth of shares and loan stock in Tops Estates, the property group floated on the USM by the Trust of Property Shares last year. Tops announced last week that it was to acquire Mark Rowlands, a Leeds-based property group, in a deal which would lift its net worth from £990,000 to £3.55m. The £3.55m consideration is to be financed by a rights issue of three new 40p shares at 70p and £2 nominal of 7 1/2 per cent convertible unsecured loan stock at par for every six 7 1/2 per cent shares.

MITCHELL COTTS International Engineering, Transportation and Trading 1983/84 RESULTS (unaudited) * Improved earnings and increased dividend

Western Motor Progress towards restoring profitability has been shown by Western Motor Holdings for the first half of 1984, with pre-tax losses considerably reduced from £400,000 to £53,000, and pre-tax profit of £298,000, against losses of £31,000, at the operating level. Interest costs absorbed £404,000 (£409,000).

Republic of Portugal Floating Rate Notes Due 1992

U.S. \$250,000,000 Cr dit Lyonnais Floating Rate Notes Due 1997

PARINGA MINING AND EXPLORATION COMPANY, P.L.C. Issue of up to 3,541,105 Options to subscribe Ordinary Shares of this Company

STAFFORDSHIRE China, a little piece of Staffordshire

CAPITAL & COUNTIES PROPERTY INTERNATIONAL NV U.S.\$25,000,000 9 per cent. Guaranteed Bonds 1988

TOPS ESTATES plc SHARE CAPITAL Issued and to be issued fully paid

FINANCIAL TIMES STOCK INDICES Table with columns for Government Secs, Fixed Interest, Industrial Ord, Gold Mines, FT-100, and columns for Oct, Sept, High, Low, and since Compstat High/Low

LADBROKE INDEX Based on FT Index 858-862 (-2) Tel: 01-427 4411

EQUITIES Table with columns for Issue, Price, 1984, Stock, and various indicators

FIXED INTEREST STOCKS Table with columns for Issue, Price, 1984, Stock, and various indicators

"RIGHTS" OFFERS Table with columns for Issue, Price, 1984, Stock, and various indicators

PENDING DIVIDENDS Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table.

PENDING DIVIDENDS Table with columns for Date, Announcement, and various company names

Granville & Co. Limited Member of the National Association of Security Dealers and Investment Managers

Today's Rate 11% 31 Term Deposits Deposits of £1,000-50,000 accepted for fixed terms of 3-10 years.

Closing prices, October 5

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

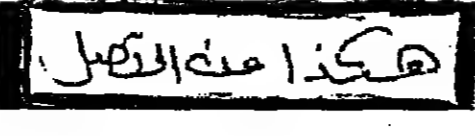
Main table containing stock prices, including columns for 12 Month High/Low, Div. Yld., P/E, and various stock symbols like AMBA, AMFC, AMR, etc.

Continued on Page 25

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, October 5



Main table of American stock exchange closing prices, organized by sector (A through Z) and including columns for stock name, price, and change.

Continued on Page 26

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized by sector (A through Z) and including columns for stock name, price, and change.

Notes and disclaimers regarding the data, including information about sales figures and dividend data.

WORLD VALUE OF THE POUND every Tuesday in the Financial Times

WORLD STOCK MARKETS

OVER-THE-COUNTER

Nasdaq national market. Closing prices, October 5

Table of over-the-counter stock prices including columns for Stock, Sales, High, Low, Last, and Change. Includes sub-sections for A-E, F-I, J-M, N-Q, R-T, U-Z, and various industry groups like Biotech, Energy, and Tech.

CANADA

TORONTO

Closing prices October 5

Table of Canadian stock prices for Toronto, listing various companies and their closing prices.

GERMANY

Table of German stock prices, listing companies like Deutsche Bank and Siemens.

SWEDEN

Table of Swedish stock prices, listing companies like Astra and Volvo.

JAPAN

Table of Japanese stock prices, listing companies like Daiichi Kangaro and Daiwa.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 25

Large table of American stock exchange closing prices, organized by 12-month high/low and stock symbols.

MONTREAL

Table of Montreal stock prices, listing local companies.

NETHERLANDS

Table of Dutch stock prices, listing companies like ABN and Shell.

SINGAPORE

Table of Singapore stock prices, listing regional companies.

SOUTH AFRICA

Table of South African stock prices, listing companies like Anglo American.

ENERGY REVIEW

every Wednesday in the Financial Times

Hand delivery in Central London advertisement for EWA Mallick/MI, including contact information and classified rates.

Handwritten signature or note at the bottom of the page.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Table of stock market data including columns for Stock, Sales (Mtd), High, Low, Last, and Change. Includes sections for Continued from Page 26, N-N, O-O, P-P, Q-Q, R-R, S-S, T-T, U-U, V-V, W-W, X-X, Y-Y, Z-Z, and NEW YORK.

NEW YORK

Table of New York stock market data including Dow Jones, Standard and Poors, NYSE All Common, and Montreal Portfolio.

Indices

Table of various stock indices including Australia, Belgium, Denmark, France, Germany, Hong Kong, Italy, Japan, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, and World Capital Int.

INSURANCE

Calculating the cost of asbestos claims

BY ERIC SHORT

ASBESTOSIS AND other asbestos related injuries in the U.S. have already turned out to be the largest natural disaster to hit world insurance and reinsurance markets. It is estimated that there are more than 30,000 individual claims at various stages of processing amounting to \$500 million made per month. The insurance industries are still not able to quantify the ultimate cost of asbestos-related diseases. Estimates range from \$10bn (£8bn) to as much as \$50bn.

which insurers are obligated to respond under their contracts. The effect of asbestos claims is a long time to reveal themselves in individuals - 15 to 20 years or more - compared with other dust laden diseases. The claims being made against insurers are under policies issued decades ago. Underwriters and policy drafters at that time had no idea such diseases existed, let alone the claims potential. Much of the costs incurred to date relate to the high costs of various litigations between the separate parties involved - the industrial companies being sued by former employees, their insurers and the reinsurers. Disputes between industrial companies and their insurers occur when the liability is triggered; when it comes into effect and the insurance cover is exhausted have been somewhat acrimonious. Drastic situations require imaginative solutions and the insurers involved hope the proposed Asbestos Claims Facility will go some way to solving the claims handling problems. Mr Jackson estimates that nearly two-thirds of the claims costs being incurred so far are met by the insurance companies as well as the insurers. The prime motivations for creating the facility were the need to find a satisfactory means of solving the various coverage issues and a need to develop a reasonable and practical method of handling meritorious claims at a reasonable cost. The first problem facing insurers was which policy applied for the particular claim - the policy in force when the claim was notified or the series of policies when the employee was working for the company and exposed to asbestos dust. The Facility agreement provides insurance coverage on a defined period basis. All policies in this period can be used to determine and settle claims. The second problem is that policies have limits of cover. These limits will apply separately to each claim, so liability is indeterminate because the number of claims is indeterminate. The courts have also ruled that the insurers' obliga-

tion on behalf of the insured in defence of these limits is ongoing and without limit. The Facility agreement sets out that the insured obligation will run until cover is exhausted and the obligation will then be taken over collectively by the Facility. The advantages of the Facility from the viewpoint of the individual insured are co-ordination of defence of claims leading to a strengthening of defence and a reduction in excessive levels of defence costs and central handling of claims which cut down on litigation. The decision on whether to go ahead with the Facility is due to be taken on October 31. The British insurance market does not so far appear to have been affected by asbestos or any other dust laden disease. A feared spate of claims related to byssinosis (caused by textile fibre dust) has not yet materialised. The problem in Britain is the growing number of industrial deaths claims. Here although claim numbers are large, the size of claims is still relatively small and costs are not being swollen by legal fees.

BOUSTEAD

INTERIM RESULTS 1984

The following is extracted from the Chairman's statement in respect of the half year ended 30th June 1984. The unaudited Group profit before tax of £2,000 is well below expectation due to a slower than anticipated rate of recovery in some of our Far Eastern operations and a loss sustained by our UK commodity subsidiary. The Singapore Boustead Group achieved a further pre-tax profit over the corresponding period last year, reflecting an improvement in performance by both Australia and our engineering activities in Singapore. Our Associate Piche Monde Pty Limited also contributed another outstanding result. The sale of Boustead Singapore Limited of 50% of their investment in Boustead Australia Limited to Promet Benthall was completed in August, 1984. Accounting discrepancies discovered at Piche Monde Limited and reported at the Annual General Meeting, have since been found by the Group's auditors Ernst & Whinney, to be larger than were previously indicated. Management accounts at 30th June 1984 show a diminution of assets relative to those reported at 31st December 1983, of approximately \$1.1M, which diminution is considered to be wholly or largely due to a mis-statement of the net assets at that year end. While these management accounts show a small trading profit, it has been thought appropriate to decline them from the Group's interim results. An independent investigation by Piche Warehouse, the absence of crucial records has hindered the conclusion of these enquiries. The Board, consisting of the Chairman, Mr. K. J. Brown, has taken steps in relation to management, and accounting controls and has under review avenues of redress. Although, in view of these results, your Board is unable to recommend an interim dividend, I am confident the figures for the second half will show a marked improvement. A. Charlton, Chairman, Boustead plc.

31st OCTOBER 1984 REDEMPTION TRANSALPINE FINANCE HOLDINGS S.A. US \$27,500,000 6 1/2% LOAN 1985

REDEMPTION OF BONDS. Transalpine Finance Holdings S.A. announces that for the redemption period ending on 31st October 1984, it has purchased and cancelled bonds of the above Loan for US \$2,200,000 nominal capital and tendered them to the Trustee. The nominal amount of bonds to be tendered for redemption at par on 31st October 1984 to satisfy the Company's redemption obligation is accordingly US \$1,261,000, and the nominal amount of this Loan remaining outstanding after 31st October 1984 will be US \$1,041,000.

Table of bond redemption details including columns for Bond No., Amount, and other identifiers.

Table of bond redemption details including columns for Bond No., Amount, and other identifiers.

The above bonds may be presented for payment of the proceeds of redemption at par on or after 31st October 1984 at the offices of the paying agents named on the coupons in the manner specified in Condition 5 of the Terms and Conditions of the Loan printed on the Bonds. Each of these bonds when presented for redemption must bear the coupon dated 31st October 1984, otherwise the amount of the missing coupon will be deducted from the sum to be repaid. Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swinburn's Lane, London EC4P 4DU

INSURANCE, OVERSEAS & MONEY FUNDS

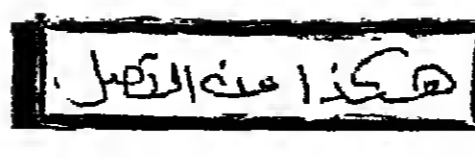


Table of insurance and overseas funds including: Liberty Life Assurance Co Ltd, National Provident Institution, Sava & Prosper Group, Target Life Assurance Co. Ltd, DAL Investments (UK) Ltd, Brindley Henderson Invest Ltd, Midland Bank Tr. Corp. (Jersey) Ltd, Sun Life Assurance Co. Ltd, and various international and specialty funds.

Table of insurance and overseas funds including: Sava & Prosper Group, Target Life Assurance Co. Ltd, DAL Investments (UK) Ltd, Brindley Henderson Invest Ltd, Midland Bank Tr. Corp. (Jersey) Ltd, Sun Life Assurance Co. Ltd, and various international and specialty funds.

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OFFSHORE AND OVERSEAS

Advertisement for offshore and overseas services, mentioning various international investment and insurance options.

Money Market Trust Funds

Table listing money market trust funds with columns for fund name, value, and other details.

Money Market Bank Accounts

Table listing money market bank accounts with columns for bank name, account type, and interest rate.

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Vertical text on the right edge of the page, possibly containing additional fund information or a continuation of the table.

FT LONDON SHARE INFORMATION SERVICE

DC Design, Construct & Engineer. BUILDING SUCCESS Stratford-upon-Avon 0789 204288

BRITISH FUNDS Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

Five to Fifteen Years Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

Over Fifteen Years Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

Undated Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

Index-Linked Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

INT. BANK AND D'SEAS GOVT STERLING ISSUES Table with columns: Issue Name, Price, Last, Bid, Offer, % Chg.

CORPORATION LDNS Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

COMMWELTH AND AFRICAN LOANS Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

LDNS Building Societies Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

Public Bond and Ind. Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

Financial Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

AMERICANS

AMERICANS Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

CANADIANS

CANADIANS Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

BANKS, HP & LEASING

BANKS, HP & LEASING Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

BEERS, WINES & SPIRITS

BEERS, WINES & SPIRITS Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

BEERS, WINES—Cont.

BEERS, WINES—Cont. Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY, TIMBER AND ROADS Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

DRAPERY & STORES—Cont.

DRAPERY & STORES—Cont. Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

ELECTRICALS

ELECTRICALS Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

DRAPERY AND STORES

DRAPERY AND STORES Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

ENGINEERING—Continued

ENGINEERING—Continued Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

FOOD, GROCERIES, ETC

FOOD, GROCERIES, ETC Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

ENGINEERING

ENGINEERING Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

HOTELS—Continued

HOTELS—Continued Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

HOTELS AND CATERERS

HOTELS AND CATERERS Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) Table with columns: Fund Name, Price, Last, Bid, Offer, % Chg.

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Financial Times Monday October 8 1984

INDUSTRIALS—Continued

Table of Industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for Stock, Price, and % Change.

LEISURE—Continued

Table of Leisure stocks including companies like British Leisure, Leisure Group, and Leisure World, with columns for Stock, Price, and % Change.

PROPERTY—Continued

Table of Property stocks including companies like British Land, Property Finance, and Property Services, with columns for Stock, Price, and % Change.

INVESTMENT TRUSTS—Cont.

Table of Investment Trusts including companies like British Investment Trusts, Investment Trusts, and Investment Services, with columns for Stock, Price, and % Change.

OIL AND GAS—Continued

Table of Oil and Gas stocks including companies like British Petroleum, Shell, and ICI, with columns for Stock, Price, and % Change.

DAI-ICHI EUROPE LIMITED For EQUITIES & BONDS. Durrant House, 8-12, Chiswell Street. Telephone: 01 588 4372. Telex: 883336 ICHL.

MINES—Continued. Central African. Includes companies like Anglo American, De Beers, and others.

Australians. Includes companies like BHP, Anglo Coal, and others.

Miscellaneous. Includes companies like Anglo American, De Beers, and others.

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MOTORS, AIRCRAFT TRADES

Table of Motors and Aircraft Trades stocks including companies like British Leyland, Jaguar, and others.

Commercial Vehicles

Table of Commercial Vehicles stocks including companies like Leyland, Leyland Trucks, and others.

Components

Table of Components stocks including companies like Lucas, Lucas Industries, and others.

Garages and Distributors

Table of Garages and Distributors stocks including companies like British Leyland, Jaguar, and others.

NEWSPAPERS, PUBLISHERS

Table of Newspapers and Publishers stocks including companies like News International, Newsprint, and others.

PAPER, PRINTING ADVERTISING

Table of Paper, Printing and Advertising stocks including companies like Newsprint, Newsprint, and others.

SHOES AND LEATHER

Table of Shoes and Leather stocks including companies like Clarks, Clarks, and others.

SOUTH AFRICA

Table of South Africa stocks including companies like Anglo American, De Beers, and others.

TEXTILES

Table of Textiles stocks including companies like British Textiles, British Textiles, and others.

TOBACCO

Table of Tobacco stocks including companies like British American Tobacco, British American Tobacco, and others.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land stocks including companies like British Investment Trusts, British Investment Trusts, and others.

FINANCE, LAND, etc

Table of Finance, Land, and other stocks including companies like British Investment Trusts, British Investment Trusts, and others.

PLANTATIONS

Table of Plantations stocks including companies like British Plantations, British Plantations, and others.

Rubbers, Palm Oil

Table of Rubbers and Palm Oil stocks including companies like British Plantations, British Plantations, and others.

TEAS

Table of Teas stocks including companies like British Plantations, British Plantations, and others.

MINES

Table of Mines stocks including companies like Anglo American, De Beers, and others.

Central Rand

Table of Central Rand stocks including companies like Anglo American, De Beers, and others.

Eastern Rand

Table of Eastern Rand stocks including companies like Anglo American, De Beers, and others.

Far West Rand

Table of Far West Rand stocks including companies like Anglo American, De Beers, and others.

O.F.S.

Table of O.F.S. stocks including companies like Anglo American, De Beers, and others.

Finance

Table of Finance stocks including companies like Anglo American, De Beers, and others.

OIL AND GAS

Table of Oil and Gas stocks including companies like Anglo American, De Beers, and others.

Diamond and Platinum

Table of Diamond and Platinum stocks including companies like Anglo American, De Beers, and others.

OVERSEAS TRADERS

Table of Overseas Traders stocks including companies like Anglo American, De Beers, and others.

PLANTATIONS

Table of Plantations stocks including companies like Anglo American, De Beers, and others.

Rubbers, Palm Oil

Table of Rubbers and Palm Oil stocks including companies like Anglo American, De Beers, and others.

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Table of Teas stocks including companies like Anglo American, De Beers, and others.

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Table of Oil and Gas stocks including companies like Anglo American, De Beers, and others.

Diamond and Platinum

Table of Diamond and Platinum stocks including companies like Anglo American, De Beers, and others.

NOTES. United States: prices and net dividends are in pence and are based on the latest available information.

RECAPITALIZATION. Anglo American, De Beers, and others.

OPTIONS—3-month call rates. Includes companies like Anglo American, De Beers, and others.

RECENT ISSUES AND "RIGHTS" Page 18. Includes companies like Anglo American, De Beers, and others.

CURRENCIES, MONEY and CAPITAL MARKETS



AECI LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO PREFERENCE SHAREHOLDERS DIVIDEND NO. 93

Notice is hereby given that on 6 September 1984, the Directors of AECI Limited declared a dividend at the rate of 5.5 per cent per annum for the six months ending 15 December 1984 payable on that date to holders of preference shares registered in the books of the Company at the close of business on 26 October 1984.

The dividend is declared in United Kingdom currency and cheques in payment will be posted from the offices of the transfer secretaries in South Africa and the United Kingdom on 13 December 1984.

Dividends payable from Johannesburg will be paid in South African currency at the rate of exchange ruling on 19 November 1984.

Any change of address or dividend instruction involving a change in the office of payment, if intended to apply to this dividend, must be received on or before 31 October 1984 and members must, where necessary, have obtained the approval of the South African Exchange Control authorities and, if applicable, the approval of any other Exchange Control Authorities having jurisdiction in respect of such changes.

In terms of the Republic of South Africa Income Tax Act 1962 (as amended) dividends payable to persons not ordinarily resident nor carrying on business in the Republic or to companies not registered nor carrying on business in the Republic are subject to deduction of tax at the rate of 13% on the dividend.

With regard to cheques despatched from the United Kingdom office, United Kingdom income tax, at the basic rate less, where applicable, the appropriate double tax relief, will be deducted from the dividends paid except in cases where the holder's address and the address to which the dividend is sent are both outside the United Kingdom and in cases (if any) where the company has received from the Inspector of Foreign Dividends in Great Britain a certificate exempting the dividend from United Kingdom income tax.

The transfer books end registrars of members in Johannesburg and the United Kingdom will be closed from 27 October 1984 to 9 November 1984 both days inclusive.

Carlton Centre Johannesburg By order of the Board J. M. DOODS Secretary

Consolidated Share Registrars Limited 40 Commissioner Street, Johannesburg, end Hill Samuel Registrars Limited 6 Greencoat Place, London SW1P 1PL, England

What went wrong with the 'Brazilian Boom'?

THE INTERNATIONAL FINANCIAL CRISIS: LESSONS OF THE BRAZILIAN CRISIS, is the most extensive report yet produced on the implications of the Brazilian crisis. It presents a thorough and up-to-date analysis of this rapidly changing and complex problem, points to ways in which the international financial system and describes the pressures for reform that are now being felt.

For a brochure listing the contents and scope please contact The Marketing Department FT BUSINESS INFORMATION LIMITED 102-106 Chiswell Road, London EC1M 3SA Tel: 01-251 3321 Ext 66

FOREIGN EXCHANGES

Table with columns for LONDON, FT-SE 100 INDEX, CHICAGO, U.S. TREASURY BONDS, DEUTSCHE MARKS, JAPANESE YEN, and WEEKLY CHANGE IN WORLD INTEREST RATES. Includes sub-tables for LONDON, CHICAGO, DEUTSCHE MARKS, and JAPANESE YEN.

Awaiting developments

By COLIN MILLHAM Central banks remained out of the foreign exchange market for the most part of last week as the dollar showed a slightly weaker trend overall, awaiting new factors and developments. Fear of central bank intervention continued to pervade the market, and this proved a strong psychological factor preventing any attempt to push the dollar higher, but apart from small dollar sales by the German Bundesbank at the Frankfurt sixing Monday there appeared to be no other activity.

STERLING EXCHANGE RATE

Table showing Sterling Exchange Rate Index (Bank of England) and New York rates for various currencies.

POUND SPOT - FORWARD AGAINST POUND

Table showing POUND SPOT - FORWARD AGAINST POUND with columns for Day's agreed, Close, One month, Three months, and Six months.

OTHER CURRENCIES

Table showing OTHER CURRENCIES with columns for Oct 5, £, \$, and Note Rates.

FORWARD RATES AGAINST STERLING

Table showing FORWARD RATES AGAINST STERLING with columns for Dollar, DM, Swiss Franc, and Japanese Yen.

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table showing DOLLAR SPOT - FORWARD AGAINST DOLLAR with columns for Oct 5, Day's agreed, Close, One month, Three months, and Six months.

CURRENCY MOVEMENTS

Table showing CURRENCY MOVEMENTS with columns for Oct 5, Bank of England, Morgan Guaranty, and Sterling.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS EUROPEAN CURRENCY UNIT RATES with columns for Ecu, Currency, % change, and % change.

EXCHANGE CROSS RATES

Table showing EXCHANGE CROSS RATES with columns for Oct 5, Pound Sterling, U.S. Dollar, Deutsche M, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, and Belgian Franc.

EURO-CURRENCY INTEREST RATES

Table showing EURO-CURRENCY INTEREST RATES (Market closing rates) with columns for Oct 5, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, D-mark, French Franc, Italian Lira, Belgian Franc, and Danish Krone.

MONEY MARKETS

Short-term interest rates fell by up to 1/2 per cent on Friday as renewed expectations of a cut in London clearing bank base rates. Sterling bill yields edged up from the firm on the foreign exchanges, holding steady against most currencies apart from the very strong dollar, and it was also felt the Government would be keen to reduce base rates by at least 1/2 per cent to 10 per cent at the time of the Tory Party conference.

MONEY RATES

Table showing MONEY RATES with columns for Oct 5, Frankfurt, Paris, Zurich, Amsterdam, Tokyo, Milan, Brussels, and Dublin.

LONDON MONEY RATES

Table showing LONDON MONEY RATES with columns for Oct 6, Sterling, Interbank, Local Authority Deposits, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), and Fine Trade (Buy).

Discount Houses Deposit and Bill Rates

Table showing Discount Houses Deposit and Bill Rates with columns for Oct 6, Sterling, Interbank, Local Authority Deposits, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), and Fine Trade (Buy).

FT LONDON INTERBANK FIXING

Table showing FT LONDON INTERBANK FIXING with columns for LONDON INTERBANK FIXING, bid 11:58, offer 11:12, bid 11:58, offer 11:12.

MONEY RATES NEW YORK (4 pm)

Table showing MONEY RATES NEW YORK (4 pm) with columns for Prime rate, Three month, Six month, and Treasury Bills.

Company Notices

Keppel Shipyard Limited US\$15,000,000 8 3/4% BONDS 1984. NOTICE IS HEREBY GIVEN that the Company will redeem all outstanding Bonds at par on 15th October 1984 and thereafter, interest on the Bonds will cease to accrue.

GENERAL MINING UNION CORPORATION LIMITED (Incorporated in the Republic of South Africa). PAYMENT OF COUPON No. 121 (Dividend No. 117) Holders of Shares Warrants to receive payment on or after 18 October 1984 at the rate of 26.27/100, the amount declared on shares less 5.84/100 being General Mining Union Corporation's Tax at 15% on the amount of the coupon.

Bank of Ireland. The following banking instruments have been stolen from Bank of Ireland, Croydon: BLANK FOREIGN DRAFTS, Serial Numbers DM16496-DM16547 inclusive, IRISH POUND BANK DRAFTS DRAWN ON BANK OF IRELAND, LR, BAGGOT STREET, DUBLIN 2, Serial Numbers 150033 - 150100 inclusive.

URQUIJO INT. \$ US 30 MILLIONS FLR. DUE 1986. For six months, Sept. 24, 1984 to March 24, 1986, the notes will carry an interest rate of 11.575% per annum.

HONGKONG LAND INTERNATIONAL LIMITED. 7 1/2% Guaranteed Debentures Due 1988. Interest Payment Due 1st October 1984.

NIPPON CHEMICAL CONDENSER CO., LTD. (CDNs). Referring to the advertisement of 15th August 1984, the undersigned announces that on 6th October 1984, the CDNs Nippon Chemical Condenser Co., Ltd. 1,000 shares will be payable with US\$378.84 and Omasa Dividend No. 10 of the CDNs Nippon Chemical Condenser Co., Ltd. 1,000 shares will be payable with US\$199.47 at Kasugai, N.Y., Suipusait 172, Amsterdam, 25th September 1984. AMSTERDAM DEPOSITARY COMPANY N.V.

INTERNATIONAL DEPOSITARY RECEIPT REPRESENTING SHARES PAID BY J. P. MORGAN & CO. INC. A cash distribution of \$1.00 per Depositary Receipt will be payable on or after 22nd October 1984 upon presentation of the receipt to the Depositary.

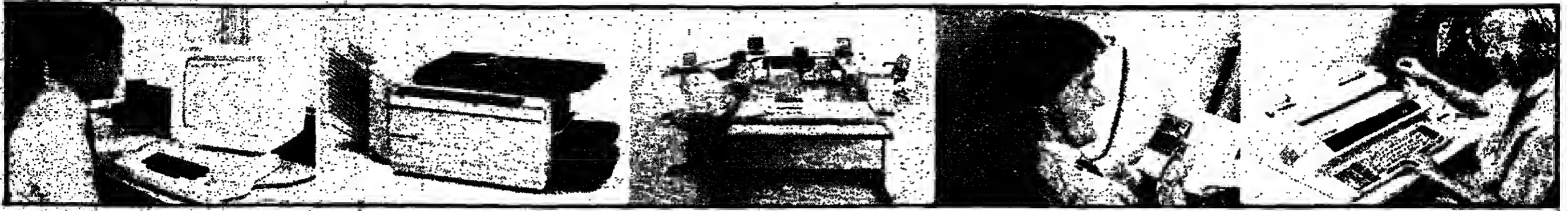
WILLIAM WAT (CAMBERLEY) LIMITED. By Special Resolution dated 28th September 1984, the Company WAT (Camberley) Limited, hereby announces that it has agreed to purchase the shares of the company for the sum of 100 pence per share, the purchase price to be paid in cash.

CLUBS. E.V.N. has purchased the shares of the company for the sum of 100 pence per share, the purchase price to be paid in cash.

MONEY RATES

Table showing MONEY RATES with columns for Prime rate, Three month, Six month, and Treasury Bills.

FINANCIAL TIMES SURVEY



From the left: Xerox laser information system; Nasbur's desk-top copier; Aronson's Genesis furniture system; Philips dictation equipment and Olympia's Mastertext electronic typewriter

Innovation abounds in all sectors

By MICHAEL WILTSHIRE

THE RATE of change is accelerating throughout the office equipment industry as businesses seek to become less labour-intensive and more automated. There is a buoyancy in almost all sections of the market which continues to spawn an ever-increasing range of new products to further the revolution in business information.

From the equipment-buyer's viewpoint, decisions are becoming ever more difficult with new products coming to the market each week as the office world undergoes its greatest upheaval since the invention of the typewriter. This radical change brings a threat for many existing products while offering scope for new ones. In short, the entire office equipment industry is technology-led—even the simple desk-top being integrated into computer-related workstations.

Many equipment dealers are struggling to decide which products and manufacturers will still be around in five years' time as products' lives are shortened and the range of equipment becomes ever more diverse.

In Europe, users and suppliers expect a flood of new products to be launched at the next Hannover Fair (April 17-25, 1985)—a major show window for innovations in the sector. But long before then there will be many other exhibitions for the industry, notably the new London Business Equipment Show at Earls Court, later this month—an event billed as London's biggest business show for the year.

Earlier this year, at Hannover, some 2m visitors came to see what was new among the 1,146 exhibitors in the office and data technology sectors and noted the increasing number of Japanese companies, such as Panasonic and Ricoh, which are intent on making a strong attack on the market. Panasonic, incidentally, will be launching no fewer than ten new products in the largest display at the London show this month.

In Britain, which now has the world's second largest office equipment industry, after the U.S., the market has increased by more than 100 per cent in three years, from £2.62bn to £5.43bn. Mr Richard Palmer, who was this year appointed director general of the British Equipment Trade Association (BETA) says that the flourishing market reflects the revolution in office administration, plus the increasing expectation of managers for more rapid information, plus the overall growth of the service industries.

Britain's business equipment industry already achieves £1.5bn a year in export sales, but Mr Palmer, who has wide experience of overseas markets, is intent on helping UK suppliers, large and small, to win greater export orders—"there's always more that can be done," he says.

BETA has just announced the appointment of the National Business Equipment Survey to provide an extensive series of marketing reports across the broad range of office equipment. A series of 30 "databank" reports are planned.

One of the great hopes of the office equipment industry seems to be in the new appreciation of the value of business information. Instead of obtaining the previous level of data at a cheaper price, which would be quite possible through the judicious use of new technology, companies are opting for much fuller information systems.

This trend, says the Office Equipment Digest, may not always have been a conscious decision but it is, nevertheless, what is actually taking place, much to the benefit of the office equipment trade. From the end-user's viewpoint, some managers still have hopes of establishing an ideal known as the "paperless" office. But as the market analysts, MDM Corporate Services point out, "anyone with eyes in his head knows that nine times

OFFICE EQUIPMENT

Many of Europe's 50m office workers are facing radical changes in business procedures as new technology opens the way for an ever-increasing range of equipment and information systems.

out of ten, machines need more people to operate and service them than fewer." And no one struggling with the tidal waves of print-outs from computers has any faith now in the paperless office theory.

Most European businesses and other offices (e.g. local government) are still ill-equipped to handle this torrent of data which has yet to reach full spate. There is too much information and it is often not properly organised—too much can be worse than too little, with executives attempting to keep up with the contentions as secretaries struggle to keep things in order.

Here is a situation, therefore, where the office equipment industry, has great scope to help both itself and others; this

applies both to products and the back-up services needed to get the best out of them.

Office equipment may be broadly divided into three categories. Some of the key opportunities in each sector are as follows:

● Office Machines: The spread of word processors is already well under way, but there is much scope for development in microcomputers that are really easy to use, say market analysts. The industry will only have fulfilled its role when the micro becomes as easy to use as the telephone. The drive to achieve this aim will present many opportunities in both hardware and software sectors.

Finding new ways to make electronic equipment simple for people to use and

better ways to connect office machines were two of the key themes at the Financial Times office automation conference in London this year.

For all the advances in electronics, the automated office of the future is still a long way off. Among Europe's estimated 10m typists, 8m still use conventional manual or electromechanical machines, rather than electronic models. Nevertheless, spending on text processing equipment continued unabated last year, with expenditure in Europe topped £2,500m, an increase of 64 per cent over 1982—a "staggering" increase according to the latest Oasis report.

A million electronic typewriters were installed in European offices last year, pushing the installed base of these machines to 1.8m.

Europe's biggest typewriter manufacturers are becoming increasingly worried about losing their grip on their home territory. Reports suggest that by undercutting the prices of electronic typewriters by up to 40 per cent in some cases, ten major Japanese companies may have won close to half of the European market during the past three years.

Japanese producers are thought to have achieved a production capacity of 3m electronic typewriters a year, larger than the size of the world market of around 2.5m machines, said to be worth nearly \$5bn a year.

For Japanese computer-makers, one of the most obvious of the many obstacles in the office equipment field has been how to squeeze 2,000 or more language characters onto a keyboard.

For this reason, even the humble typewriter never became commonplace in Japan. But now, after 20 years' intensive research on the electronic keyboard problem, Japanese computer companies have managed to develop practical word processors for their own languages—and now the door is wide open for office automation. Japan's offices now face the task of leaping directly from the age of handwriting to the age of the word processor.

The old, familiar office telephone remains at the heart of a whole range of sophisticated new equipment. But as technology is bringing radical changes, the deregulation of the telecommunications industry is increasing the options for telephone equipment and services.

At the centre of these changes is the private branch exchange (PBX), the market for which will grow worldwide from

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\$4.3bn last year to \$6.6bn in 1988, according to the Boston-based research firm of Arthur D. Little.

The proliferation of office automation products has created an urgent need for a way to link it all together. One of the most promising methods is through local area networks (LANs). But the market for these products is still in its infancy and beset by an industry fighting over which technologies and standards are the best. Many observers nevertheless predict an explosive growth of the LAN market soon.

Then there is the highly competitive photocopier sector: whatever the manufacturers may say, anyone who works in an office knows that a large number of copiers spend a lot of time out of order.

Britain is swarming with service engineers, most of whom cannot come

CONTINUED ON PAGE 10



Do you know the secret of Canon's outstanding success in business equipment?

To give you a hint, it might be our unrivalled expertise in optics and micro-electronics. Or it could be our massive investment in Research and Development. Or a continuing emphasis on innovation in the design of our products.

All of these things have played their part, but none more than the philosophy which pervades every aspect of our business: that Canon products should satisfy the needs of their users.

And to identify those needs, we have listened to companies large and small. We have analysed their communications problems. We have paid careful attention to how we can save them time and make them more efficient.

We know how to take a hint.

That's why our range of copiers, electronic typewriters and facsimile machines covers all requirements, from the very basic right up to the most sophisticated. That's why our customers get the support of a nationwide dealer and direct service network. Because people told us what they wanted and we knew how to take a hint.

So if you can take a hint, dial 100 and ask for Freefone Canon. Or visit our Stand No. 197/199 at the London Business Equipment Show, Earls Court, October 23-26.

Canon



Official Business Machines of The Football League

Canon

BUSINESS MACHINES

Canon (UK) Ltd., Canon House, 2 Manor Road, Wallington, Surrey SM6 6AJ.

Office Equipment 2

\$6bn boom for the U.S. office interiors and furnishing market

U.S. sales break all records

RECORD SALES of \$5.5bn in office furniture and furnishings are forecast for 1984 for the U.S. commercial furnishings industry. First-quarter shipments for 1984 represent a 42 per cent increase over the same period in 1983—a new record.

With even higher projections being made for 1985 at an anticipated \$6.4bn in shipments, it can be said with certainty that the office interiors market in the States is in a remarkable period of unbridled growth.

The changing U.S. office environment

ROBERTA WALTON

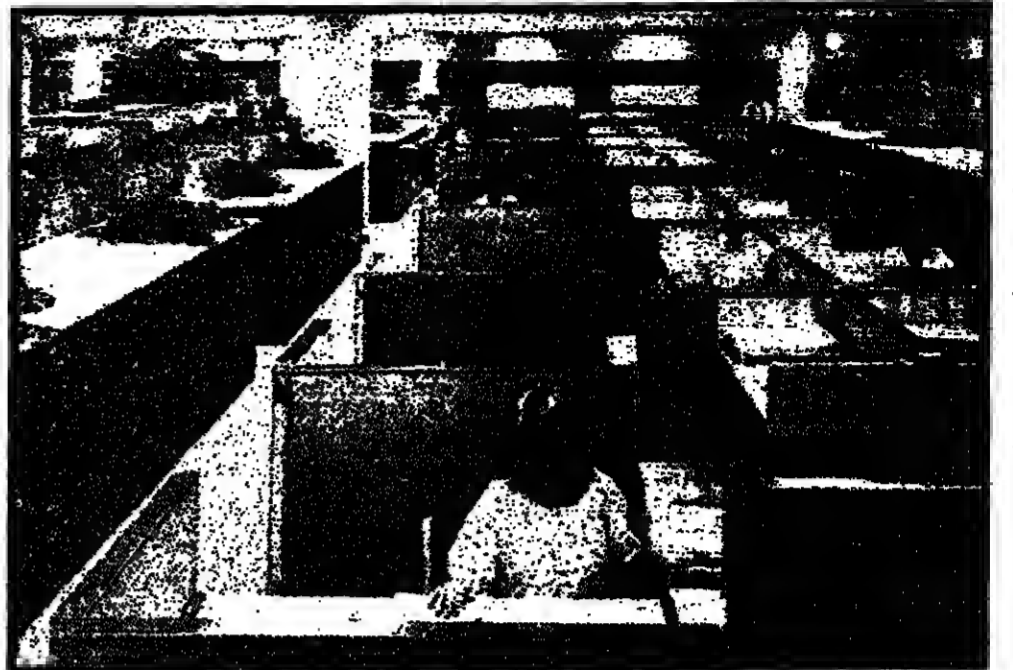
Since 1975, when the Business and Institutional Furniture Manufacturers Association (BIIFMA) of Grand Rapids, Michigan, first published its year-end sales volume report, shipments have multiplied five times from \$1.1bn.

A personal view of the budding U.S. market, gleaned from years of experience with the country's leading supplier of office furnishings, is given by Mr Fred Brill, executive vice-president, corporate development, of Steelcase, Inc. "We have a near industry 'sell-out'. We have seen this situation at the top of each economic cycle, where orders are being filled as quickly as furnishings are made.

"The economic base of our business in the United States is incredibly strong and we are in a real high-growth period," notes Mr Brill. Steelcase's leading position in the field is a success story that patterns the upswing in the U.S. commercial interiors market as a whole. Where 20 years ago the company earned under \$100m, it is now reported to have sales in excess of \$1bn.

As outlined by Mr Brill, and confirmed by other leading industry spokesmen, are a number of key factors contributing to the industry's prosperity would include:

- Systems, or open-plan furnishings.
- Ergonomically designed, "health" seating.
- Computer and office automation support furnishings (con-



Prudential Insurance in the U.S. uses a Steelcase open office plan with workstation panels of varying height. Steelcase is the world's largest manufacturer of office furniture, with annual sales of more than \$1bn

Not surprisingly, Mr Brill's findings disclosed that physical environment has a direct effect on job performance and satisfaction. In addition, Mr Brill notes that while tradition has proved that professional staffs accrue the most benefit from environmental design improvements, all office workers are under-served in the human factors, or ergonomic sense.

Furnishings and flexible, adaptable work environments that can accommodate change were among influences Mr Brill identified as directly affecting environmental and job satisfaction.

"An enlightened and informed approach to office design and furnishings specification

ing at Herman Miller of Zeeland, Michigan, office furnishings manufacturer, and a member of the board of directors, the Facilities Management Institute (FMI) Ann Arbor, Michigan," the industry is becoming more sophisticated in understanding the 'fit' between people, the job they do, and the work environment.

"It used to be thought that the work environment was not especially important. Now that 85 per cent of workplaces are no longer functionally alike, we are entering a climate of raised consciousness about the need to better manage our facilities and our human resources."

While commenting that he finds the field of office furnishings manufacture to be a most fertile market, Mr Armstrong observes that, in the private sector, "there is a crying need for integration of people, place, and process. We've noticed an increase in spending among companies in the area of capital investment for the environment but have yet to see the sensitivity of corporations to the human element and needs of workers."

Environmental approaches. Indeed, the office environment is just beginning to be addressed as a place for human interaction and dynamic exchange. In the view of a leading industry spokesman, the U.S. commercial furnishings market has matured through two phases and is engaged in a third.

In the years before 1960, furniture was manufactured for durability and maintenance; from 1960-80, aesthetics was considered key; while the 80s are centring on designing for productivity.

Fred Brill of Steelcase, says: "The assessment of the needs of workers and environment is a real priority now."

"This is a relatively new development since the value system of the office in the U.S. has been 'status-oriented' rather than 'need-oriented'."

With the aid of such industry organisations as the FMI, mentioned earlier, the values that consider the worker will be furthered in the industry. In its fifth year, FMI is a research and consulting group that also offers educational seminars on workplace management to corporate facilities planners. A spin-off of the FMI is the International Facility Management Association (IFMA) comprised of 1,200 members.

Mr John Connell, executive director of the Pasadena-based Office Technology Research Group, says that in the past many corporations initially implemented office automation in one department at a time and then gradually moved into other departments.

"Today, senior managers are realising the risks are far too great to continue in such a hit-or-miss way. To be more cost-productive they have to have a plan to measure results. Questions have to be answered about what they are trying to achieve and how they are going

try to distill new product solutions from today's innovations to prepare for tomorrow."

Mr Hench goes on to describe today's commercial furnishings climate as being part of "the age of convergence," where traditional distinctions between product lines are blurred.

Explaining further, Mr Hench notes, "Today, we don't define a 'desk', a partition, or a file cabinet as being separate 'workstation' environment comprised of several components."

Mr Hench adds that along with improvements in furnishing design and capability, there have been corresponding advances in the delivery of power and building services to office settings in the form of technological innovations in ceiling and floor systems.

"There is so much integration of product, that strict and limiting product definitions will fade," Mr Hench concludes.

More than half the U.S. labour force is now employed in office work: the figure could reach 90 per cent by the year 2000

The strong growth of the systems furniture market reflects the escalating influence of electronic data processing in the office

considered the fastest-growing market segment.

The systems furnishings area, so-called because it consists of modular product lines that integrate to form workstations with desk, panel partitions, storage, and often wire management features, by far contributes the largest share to sales in the industry.

System or modular furniture, continues to be an expanding segment of the market, now making up nearly 28 per cent of industry shipments, up 2 per cent since 1983, according to BIIFMA.

Systems' growth, and that of the industry as a whole, reflects the escalating influence of electronic data processing in the office. Increases in the use of office automation require flexible office furnishings that adapt to continually changing facilities. Spending on new office equipment and furnishings is therefore expected to continue in a promising growth pattern.

As the commercial furnishings sector experiences one of its banner years, the bumper crop of office products reaching the market creates new challenges for manufacturers and end-users of product lines. Suppliers are ever more eager to carve out a larger slice of market share. Product introductions are growing more sophisticated in response to demands made

Adding fuel to the productivity fire is a recently produced study from the Buffalo Organisation for Scientific and Technological Innovation (BOSTI), Buffalo, New York, directed by Michael Brill, BOSTI president. As noted by Mr Brill: "Office products 60 per cent of the U.S. gross national product and house 40m to 50m workers, as the country moves away from smokestack industry. Yet, the office environment is under-utilised and unproductive. It is chaotic in a phase of high-tech transition."

Mr Brill surveyed 6,000 workers in 70 companies prior to, and after, changes were made in their physical environment. Four facets of the environment were analysed:

- Workspace (enclosed or open-plan "systems").
- Ambient conditions (temperature, light, and noise).
- Psycho-physical factors (privacy, communication, comfort).
- Facilities management (and the degree of employee participation in decision-making).

Bottom-line measures of productivity were determined to be ease of communication, environmental satisfaction, job performance, and job satisfaction.

Mr James Carlisle, chief executive of Office of the Future, a consultancy based in Guttenberg, NJ, feels that the impact of automation can be so far-reaching that it may seem elusive as the payback does not come quickly. Plan to make technology the servant of business, then the pay-off will be the improvement in your competitive position," he says.

It is difficult to make long-term office automation plans that are consistent with short-term goals. As Mr Carlisle says, they must be compatible but also synergistic. Conditions change daily and plans must be tempered by practical strategies, which means moving forward step by step.

"A broad view of where you are likely to be in five years is absolutely imperative, because a one-year plan is no good without the perspective provided by a long-term outlook," says Mr Carlisle. Dickson, former office systems manager at Exxon Corporation and now a partner in Performance Strategies, New York.

Priorities for automation managers

Planning for office automation in the U.S.

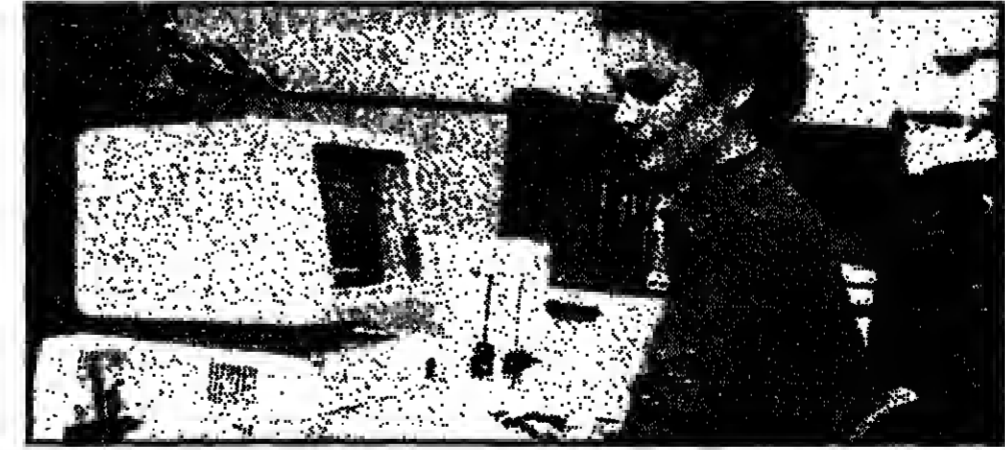
MARLENE BROWN

MR DAVID KEARNS, president and chief executive of the Xerox Corporation, has one answer to the problems of the office of the future: "Automation must be managed with clear-cut goals, operating plans, business strategies, and performance plans that can be measured. All that has to come before an equipment strategy."

He recommends three priorities:

- Information managers should insist on a system plan with equipment specifications and technical objectives that meet the needs of the particular business.
- Communication as the essential goal of office automation. "Remember how people think. Their ideas come in random, unpredictable patterns. Your system should help people to generate those ideas easily and share them with others."
- Make sure that the chosen office system allows the staff to expand the scope of their work.

The pace of new development is so unpredictable that many U.S. companies ask is it worth-



IBM's Displaywriter: this desk-top information system has a spelling verification aid and uses a built-in electronic dictionary of 50,000 commonly-used words

while making long-term plans or more practical to aim at short-term goals.

Mr Allen Smith, manager of Los Angeles-based Atlantic Richfield, acknowledges that planning ahead eases the guidance provided by a five-year view has been beneficial because it helped his company to select pilot systems and focus its efforts and energy.

"Planning ahead gave our management an idea of where we were heading even if we couldn't reach our destination straight away," says Mr Smith,

who disapproves of the "wait and see" attitude.

"Doing something about automation is valuable even without all the answers in sight," he says. "The more we learn, the quicker we can take advantage of solutions, we do not know what the technology will be like in the future, but we know that it will be very different, that the opportunities it creates will be significant, and that senior management will have to make changes to meet these challenges."

Mr John Connell, executive director of the Pasadena-based Office Technology Research Group, says that in the past many corporations initially implemented office automation in one department at a time and then gradually moved into other departments.

"Today, senior managers are realising the risks are far too great to continue in such a hit-or-miss way. To be more cost-productive they have to have a plan to measure results. Questions have to be answered about what they are trying to achieve and how they are going

to do it."

He emphasises that the key element in planning is not the equipment strategy but how the technology can serve corporate objectives and increase revenue, market share, and net income.

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CONTINUED ON NEXT PAGE.

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Office Equipment 3

Here and on the following seven pages, correspondents examine developments in the main categories of office equipment

3,000 MODELS TO CHOOSE FROM

Today's office equipment buyer can select from 74 different categories of machine, with more than 3,000 individual models to choose from, according to Barbour-Bueller's new Product Selector guide to the automated office.

Here is a selection of some of the main categories of equipment, showing the wide range of prices in each area.

Type of equipment	No. of models/machines available	Prices range from:
Micro-computers	249	£249-£37,310
Mini-computers	187	£2,425-£276,000
Electric/electronic typewriters	71	£236-£2,495
Word processors	95	£299-£26,700
Sheet folders	14	£428-£725
Visual display units	164	£110-£10,500
Tape drive units	48	£1,229-£52,300
Floppy disk drive units	59	£136-£10,370
Printers	282	£110-£100,000
Modems and acoustic couplers	152	£90-£2,900
Local area networks	40	£150-£20,000
Telephone handsets	25	£17-£12,050
Telephone call monitoring equipment	31	£50-£25,000
Telephone exchanges	28	£360-£140,000
Answering equipment	45	£78-£1,215
Telex equipment	27	£1,200-£25,000
Facsimile transmission equipment	39	£396-£9,750
Faxing systems	11	£420-£4,000
Internal communications systems	20	£29-£3,500
Dictation machines, excluding centralised systems	59	£30-£750
Document copiers	142	£60-£57,800
Stencil duplicators	18	£357-£1,740
Offset duplicators	42	£2,995-£34,556
Trimmers	23	£20-£9,950
Bursters, guillotines	49	£24-£9,970
Binders	50	£45-£12,900
Shredders	89	£37-£6,757
Microfilm cameras	47	£1,115-£28,140
Microfilm duplicators	16	£1,600-£20,100
Computer-aided retrieval systems	15	£5,312-£123,000
Microfilm readers/printers	134	£35-£39,000
Mechanical letter openers	14	£18-£1,717
Mail folders	33	£395-£11,550
Labelling machines	25	£285-£32,000
Postal scales	39	£12-£3,970
Franking machines	32	£395-£5,042
Addressing machines	38	£42-£45,000

The figure of 3,000 items would be considerably increased if the product categories were extended to include more traditional and/or non-mechanical items such as furniture, chairs, seating, stationery and paper products, filing, storage items, service equipment and so on.

The desk-top copier war intensifies

Photocopier developments

ELAINE WILLIAMS

PHOTOCOPIERS have been a fact of business life for nearly 30 years since Chester Carlson developed xerography in 1950. His basic idea for reproducing perfect facsimiles has remained basically unchanged since that time. Today the highly competitive document copying market is a multimillion pound business with more than 140 different models of copiers available, ranging in price from £80 to as much as £57,900.

New machines are coming on to the market regularly; at this year's Hannover Fair, for example, more than 20 new style copiers were unveiled. Recent developments have been to add sophisticated features at the top end of the market and to put small machines (desk-top size) within the financial grasp of even one-man businesses.

The newest copiers have a number of special features — they are capable of enlarging and reducing, copying on both sides of the paper and on different types of paper, such as coloured or transparent

varieties, and so on. Some machines will self-diagnose and display faults, some will allow interruption of a long run without loss of copy-count, while other machines will also allocate costs to users via a monitoring device.

In the small machine sector, many Japanese companies have recently launched desk-top models. Among these manufacturers are Ricoh, Panasonic and NEC. This trend is likely to be the major growth area for producing a limited number of copies in small businesses.

These smaller desk-top machines have also benefited from the advances of microchip technology which is allowing photocopiers to take advantage of ever smaller silicon chips and more sophisticated technology.

One of the first manufacturers to reflect this trend was another Japanese company, Canon. It launched its personal copier range copiers, the PC10 and PC20, priced initially at around £600.

Both these machines were designed to reproduce copies on non-sensitized paper, ranging from air-mail thickness to card. The machines have a floating pressure sensitive roller which automatically adjusts to paper thickness.

Canon introduced the idea of an easy-maintenance copier which had a disposable cartridge

which contained a photosensitive drum, development and toner assembly and various other parts which are more likely to need replacing in time. Photocopiers all work on similar principles. Using a lens and focusing arrangement, the image to be copied is stored temporarily on the surface of a photosensitive drum. Tiny particles of ink attach themselves to the drum which becomes electrically charged when light

falls upon it. The ink covers areas on the drum which mirror the patterns of the original. This pattern is then transferred to a plain sheet of paper as it passes over the drum. The ink is then fixed by pressure and heating.

This system even applies to top range equipment from companies such as Rank Xerox, IBM and Kodak. This end of the market is limited, probably accounting in the UK for about

10,000 units a year.

Kodak is a relative newcomer to the photocopying market, having entered the fray in 1981. Now it has six models.

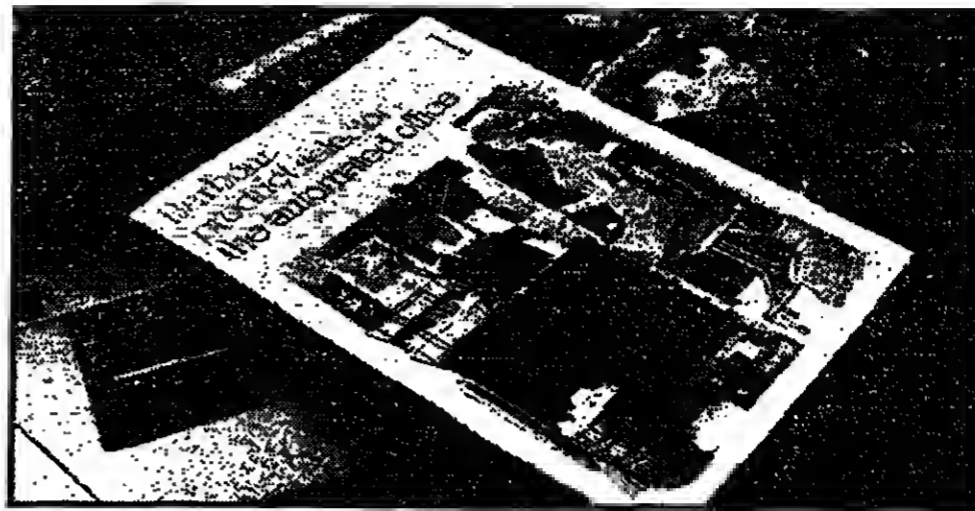
Kodak and Canon have just announced a link-up in copiers. Canon will supply Kodak with medium-volume machines, bearing the Kodak label and using new photoconductive materials.

At the top end of the range, photocopiers are capable of complex functions such as col-

A NEW guide to help equipment specifiers select the correct product for the automated office is now available from Barbour-Bueller at £55. The 466-page catalogue lists more than 3,000 models of machine in 74 different categories.

The Product Selector No. 1 (left) aims to cover virtually all current models and supplies. To update readers, a newsletter and inquiry service is available to alert users about new developments in the fast-changing market.

The clearly-tabulated guide aims "to cut through the jungle of jargon, models and suppliers" and thus make buying decisions easier. (More details on the guide are available on 0344 884121.)



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Planning priorities

CONTINUED FROM PREVIOUS PAGE

"By contrast, a long-term plan cannot be specific because there will be too many changes in the technology and within your corporation. But planning as far ahead as 1990 can provide a forecast and assessment of how automation might fit in with your goals," says Mr Dickinson.

Looking back on his days with Exxon, he says: "Exxon developed three plans which ranged from an aggressive, almost revolutionary, introduction to office automation to a gradual, evolutionary approach."

Striking the right balance

Mr Dean Mayer, chief of the N.D. Mayer consultancy in Ridgefield, Conn, says he likes to strike a balance between long-term and short-term planning.

He sees an office automation scheme as a long-term process of integrating systems that change and adapt from year to year. "The long-term plan could include a blueprint of the technology to be used, which would give management a sense of which tools belong where in the network," he says.

He foresees continued price reductions and continuous improvement in the processing power of desk-top machines. Automation experts have already predicted the rapid pace of change and the capital requirements and organisational support, that will be needed.

"The key to planning is in recognising that implementation must be tied to jobs," says Mr Mayer. "He knows many office automation planners who try to implement everything at once, but they're not helping users; rather they're creating ideal dream machines in their heads."

He sees no shortcuts and says that each local implementation should be treated exclusively, because each user's problem is unique, and that a company-wide general system would not tackle the real factors that make for business success.

"Long-range planning does not deserve priority over immediate plans because the information staff exists to serve the business and worry about the quality of the technology. I encourage planners to go out and be useful, to get things moving, and to focus on integrating systems only after momentum has been built."

Many would agree that the logic guiding new products on to the market is unpredictable because it reflects the sellers' marketing strategies. "Making precise long-term plans is impossible. It is like developing a strategy around someone else's strategy," says Mr Robert Becker, chairman of Babcock, a consultancy in Montclair, N.J. "Similarly, information systems goals have to accord with business goals because a com-

pany's future cannot be easily defined." He warns that widespread dissemination of information can cause problems and technological planning must therefore lead to an examination of the kind of information and the ability of the accessor to interpret it.

Another problem, says Mr Becker, is performance, which can be evaluated differently in varying types of company. Manufacturers, for example, make decisions that consider the differences between machines and personality differences between operators.

Standard data bases do not take account of that aspect. "Many information systems professionals are too analytical which may suit the finance department when dealing with operations people, materials and machines."

It is generally agreed that information systems executives will have to assume more direct responsibility for corporate profits and that office automation will have to become a more integral part of the operation and less of a service. It will also have to be considered less as a contributor to productivity and more as a contributor to each department's profits. All department managers will become more involved in automation planning.

Companies like Corning Glass Works, NY, say they are able to deal with whatever changes the future may bring. Mr John Parker, Corning's director of information services, regards office automation as a process. "It's not very realistic to assemble a long-term plan and certainly not if the plan specifies how many systems will be used by how many users for what tasks five years from now," he says.

The way to reap full rewards

E. I. Du Pont de Nemours, based in Wilmington, Delaware, was relatively cautious when it tried to introduce three pilot projects over the past two years. Mr Raymond E. Cairns Jr, managing director of information systems at Du Pont, has had experience of implementing systems in groups of fewer than 100 people.

"This allows us to explore the technical aspects of automation and to get a better understanding of its advantages and limitations," says Mr Cairns. "When we gain more experience from these pilots we will start planning as far ahead as three years but now we are looking toward horizons a year or 18 months away."

Mr Cairns believes that senior management support is essential in implementing systems. Managers must see that automation can help them and their people to work faster and better. Only then will they be willing to dedicate the resources necessary and reap the full rewards of training.

BUSINESS EQUIPMENT SECTOR IN THE UK

Area of business	Turnover	Exports	Number of employees
Computers, data and word processing equipment	£2,665m	£1,635m	56,499
Office machines	£1,132m	£414.2m	25,860
Forms and filing equipment	£448.2m	£105.7m	11,850
Furniture	£194.6m	£39.4m	6,559
Total	£4,439.6m	£1,584.3m	101,030

Source: British Equipment Trade Association, London.

Turnover up by 100% in three years

TURNOVER by Britain's business equipment industry increased by more than 100 per cent in three years, according to a survey this year by the British Equipment Trade Association (BETA).

The survey, based on the 1983 figures, was carried out among the 200 members and associates of BETA, which includes the major multi-nationals as well as comparatively small organisations in the business equipment sector.

Turnover increased by 107.5 per cent from £2,623m to £4,439.6m. Exports rose from £1,524m to £1,584.3m—a rise of 21.5 per cent. The number of people employed in the

sector has increased from around 70,000 to 101,030 over the three-year period.

The association divides turnover into four main areas (computers, data and word processing equipment; office machines; forms and filing equipment; and office furniture), although it is recognised that there are ever-increasing grey areas within the industry where technological advances make it difficult to define, with complete clarity, when a typewriter becomes a word processor or when a desk system becomes a workstation.

MICHAEL WILTSHIRE

New applications give market a boost

FACSIMILE is one aspect of business equipment which is likely to grow over the next few years. Facsimile machines have similarities with photocopyers in that they are intended to produce a near-perfect copy of an original document. The major difference is that facsimile machines transmit the coded form of the original material over the telephone network so that the copy can appear anywhere in the world.

Until recently facsimile equipment has had limited applications. The main applications have been in the publishing world, in police forces for the transmission of copies of fingerprints, and by weather bureaux for the transmission of weather report maps.

Industry and commerce are now becoming aware of the potential for facsimile in the electronic office of the future. Developments in facsimile are leading towards machines which can be integrated into computer systems and office photocopyers, for example.

"A few years ago facsimile was a fairly dull business," admits Mr Derek Arnold, assistant general manager of NEC's business systems division in the UK.

British Telecom, along with some other telecommunications authorities notably Norway and Sweden, are making efforts to promote the technology. NEC, for example, has just received an order for more than 150 of

its Nefax 4500 from BT for its public Bureauxfax system. It has been the Japanese who have taken the greatest technological strides. The reason is the ideographic alphabet which is difficult to transmit over telex and other keyboard systems.

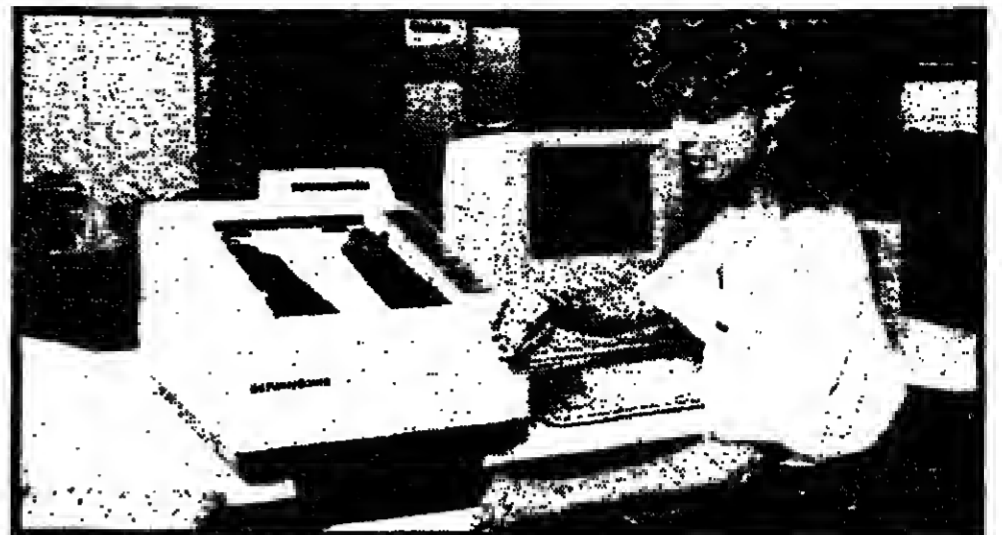
Today, there are about 80,000 machines in Western Europe. Britain has an estimated 27,000 to 30,000 of this total. In Japan, however, facsimile equipment tops the 300,000 unit mark and the market is growing at a rate of 30 per cent a year.

The Japanese brought advanced silicon chip technology into a previously mechanical system. Old designs had a photocell (which could detect areas of black and white areas), moving over the paper which was attached to a rotating drum. The photocell turned the information on the paper into a varying electric signal which could be transmitted along the ordinary telephone line to the receiving machine which performed the same process in reverse.

It could take up to six minutes to transmit a single sheet of A4 copy. The most modern facsimile machine coming on to the market transmits this in a mere 12 seconds. The next generation will be able to cut this time down to only five seconds.

The photoelectric cell has been replaced by a charged couple device as the scanning eye. Matsushita recently announced that it has developed a novel type of image sensor which can scan a letter-size document in one second. This will be used for its next range of high-speed facsimile machines. This sensor is based on eight silicon chips which touch the surface of the document and detect text.

In present systems, extra electronic circuitry ignores large expanses of white space on paper during scanning. This cuts down the time to scan a page and built-in codes reconstruct the white spaces at the



This Pitney Bowes facsimile machine, model 8800, has a 20-second transmission speed plus an autodialling facility for transmission outside of office hours

receiving end. The technique is known as data compression. The latest machines have built-in automatic diallers to save having to re-dial manually if the receiving machine is engaged.

In Japan, NEC has recently introduced a facsimile device which can store up to 15 pages of text in its computer memory and then transmit them later. This is useful at busy times of the day when it is difficult to transmit at the first try.

The major manufacturers are now discussing the Group 4

machines of the future which will meet the five second deadline. Group 4 is being developed for the time when all telephone communication is digital. Digital telephone exchanges are being installed in greater numbers throughout Europe.

This new class of facsimile will be able to link into services such as teletext. Mr Arnold said that facsimile machines have the potential to become office copiers, capable of transmission or the printers for small computers also with communications facilities.

Both NEC and Cannon are developing laser systems. These are to replace the predominately thermal printing heads on today's machines. NEC, for example, has a system on trial in the U.S. with a major company. This can transmit 14 pages in a minute under the control of an NEC personal computer.

High-speed digital networks are not yet widely available at prices low enough for facsimile transmission. So it will be several years before these digital facsimile are introduced.



Electronic sealing, feeding and franking; Roneo Alcatel's 7505PMA electronic franking machine can handle up to 6,500 letters an hour

Microchip makes impact in the mailing room

Advances in mailing machines
NITA GRAY

MANY OF the routine jobs traditionally performed in the mailing room or at the secretary's desk have been transferred to the data-processing department as mail preparation goes online.

Companies with data-processing equipment of any kind, including small desk-top computers, can generate labels from their lists on the office printer. For more than half of UK businesses this is becoming familiar technology.

Not everyone likes the labelled envelope, however. It betrays a "third class" message and wastes the money invested in high quality printing equipment which can produce a personal style of circular letter.

So one of this year's innovations is the customised direct printer which goes online to print lists directly on to envelopes for non-DP concerns. ASI has produced a keyboard unit which stores 1,000 names and addresses on each floppy disk.

Even so, labels are convenient and suitable for many purposes, particularly if they can be custom-designed for the job.

Most machines' software programmes allow only one or two formats, but equipment introduced this year — by Zee, for example — enables users to create 898 different label designs and use them all in a mailing batch.

Meanwhile, the Post Office is persuading businesses to adopt its address coding system in time for full sorting automation in the next year. The many advantages of coding a computerised mailing list are emphasised by the Post Office, which is offering to subsidise the introduction of codes to a database.

There is plenty of scope for system-wise certain departments — for example — with a coded list. There is a 2 per cent saving on first or second class post eligible for discount posting and everyone benefits from faster postal services.

With mail preparation becoming a function of the DP department, appropriate equipment is increasingly coming into the category of computer peripheral machinery.

It is at the interface with the Post Office that the on-line process falters, however. No remedy seems possible unless vacuum tube system builders

like Sovereign Marshall or D. D. Lawson are permitted to install a "wide area network" of mailing tubes along underground railway and sewage tunnels.

At present packages have to be weighed and franked. Here the microchip helps, with the electronic scales of such suppliers as Stevens and Avery saving time and enhancing accuracy in the task of assessing charges.

There are models which can programme up to 10 frequently-used parcel destinations on to dedicated keys. Surcharges such as registered mail can also be made single-stroke operations.

Franking remains the main hold-up, with the Post Office "exporting" the labour of charge payment in a manner that would surely be unacceptable in any other business.

Rescue

The microchip is coming to the rescue here, too, in the form of the value card. This Continental device involves the purchase at the Post Office of a card valued for a week, a month or a quarter, according to a customer's requirement. The card is then inserted in a special machine.

The latest advance in value-card-operated frankers is a high-speed device which automatically dispenses and seals the labels. A model imported from West Germany by Europak handles up to 10,000 envelopes an hour. It incorporates a postage fee register, letter counter, automatic franking device, date-setting and quick adjustment to envelope size.

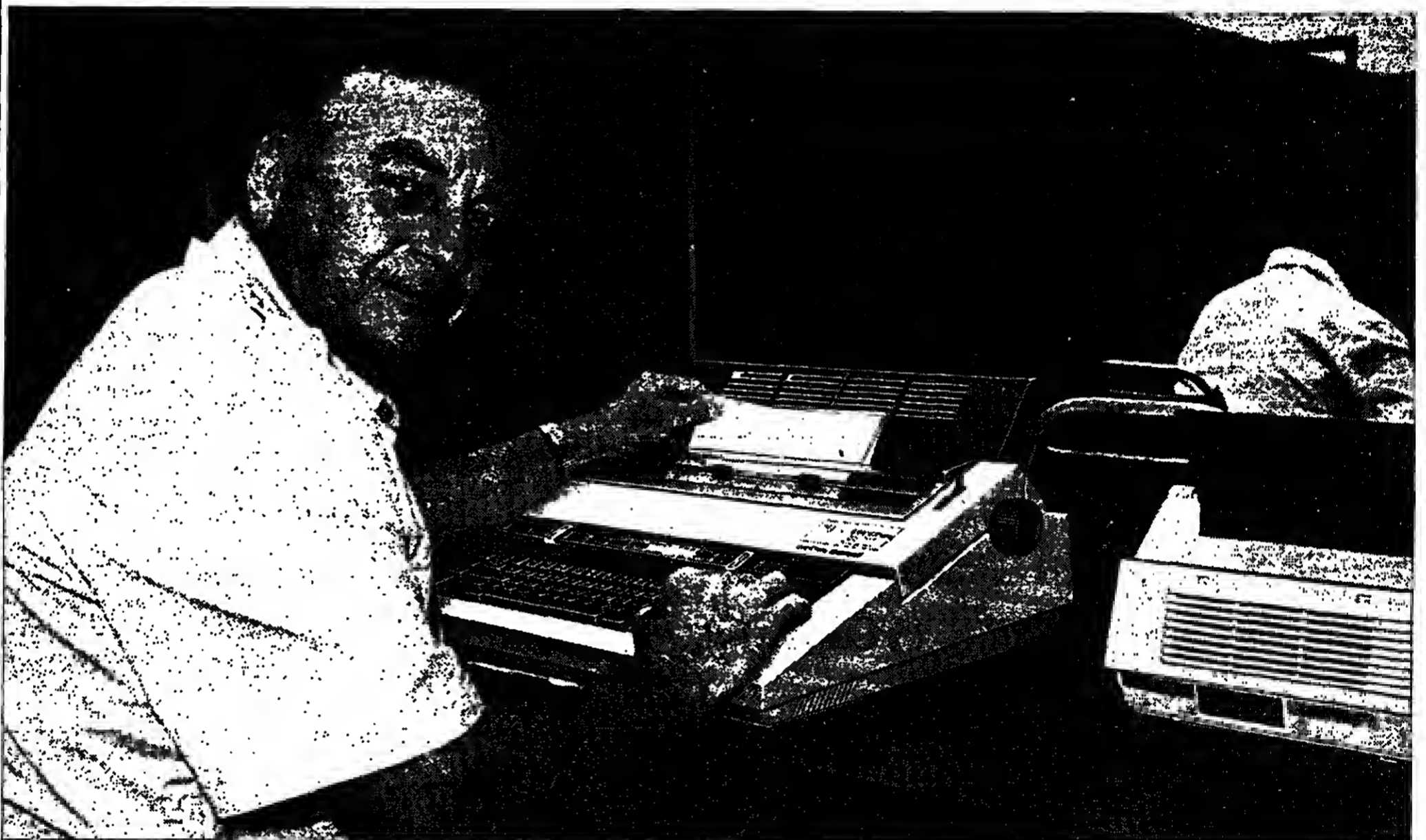
One of the main advantages of the value card system is that one need not carry a franking machine to a Post Office to have it officially reset. A cheaper way to do this chore has been introduced by Hester with a machine fitted with a detachable meter which weighs only 3.5 kg.

Because the machine itself does not have to be bumped around it can be fitted with a heavier-duty motor which makes it more reliable.

Another new machine from Hester has a built-in printer which issues departmental totals when required.

One important improvement in the mailing room is the floppy disk, though this resourceful little repository of magnetic information is delicate and liable to "forget" if wetted, heated or otherwise misused.

Suppliers such as Europak have been quick to come up with a range of floppy disk packaging aids.



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Official Typewriter of the Los Angeles 1984 Olympic Games



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Office Equipment 6

Dramatic changes under way

New generation telephone equipment

THE LAST 18 months have seen a dramatic transformation in Britain's telephony market. Two factors have been largely responsible. The first is the great incentive provided both to British Telecom and to the plethora of privately-owned companies operating in the market by the liberalisation of the market and the forthcoming "privatisation" of BT.

The second factor is the enormous pace of micro-electronics development which has led to sophisticated technology becoming available at increasingly cheap prices.

The major beneficiaries have been the business purchasers, although the growth of interest in the market has also opened the door to an energetic bunch of entrepreneurs who are specialising in this market area. The choice of suppliers has never been greater.

BT itself has undergone a period of active development, producing both an extensively revised product portfolio and a new image through an intensive advertising campaign. The face that it now offers to the business customer of good service, coupled with state-of-the-art technology, is largely accurate. BT can offer systems to meet most business needs, including a new range of intelligent telephones with both business and domestic applications.

Improvements

Established manufacturers and suppliers have also responded to the changing market. Many feel that their progress has been slowed by an approval system hamstringing by the need to evaluate equipment against existing criteria, which has the effect of penalising true innovation. Recent history, however, suggests that the situation is improving.

The greatest change in the market has been the emergence of a thriving group of specialised telephony distributors and retail outlets. They mainly cater for the private individual and small business customer. Their effect has been the creation of a consumer-style marketplace for telephony equipment at the lower levels of price.

The key to their continued

ability to prosper lies in the crucial area of service, where they will both have to meet the stringent criteria needed to become approved service agents and continue to supply a level of service and after-sales support upon which commercial viability will increasingly rest.

Telephony equipment can be conveniently divided into three main areas: PABXs, key systems and telephones. The transition from analogue to digital technology has placed the PABX (personal automatic branch exchange) at the leading edge of office automation.

Modern PABXs not only offer extension users a wide range of sophisticated voice communication facilities such as abbreviated dialling, call diversion, wait on busy, and so on, but are also being seen in a data communications role.

Since liberalisation allowed the major manufacturers to supply and install PABXs with fewer than 100 lines and also supply the line wiring, designers have been increasingly active in developing systems which can combine both voice and data functions.

Thus, although full integration is not appropriate in the majority of cases at present, the modern purchaser should be looking for a PABX that will be

ready for further applications as they arise.

As the situation stands, it seems that while LANs (local area networks) will handle high-speed data transfer from computer to computer, the PABX will increasingly be used for routine voice and data communications.

The main barriers to widespread application of this technology are the lack of standards for interfacing the different parts of an office automation system and the lack of a digital network. Market forces and time respectively will alter the situation, however, and PABX will be at the forefront of office automation.

Workstations

Due to the sophistication of current PABXs, one area that is bound to see rapid growth is executive workstations; intelligent telephones which combine data and voice functions and provide an access to electronic mail services.

Many of the executive workstations on the market can also help the business user to get the most from the company's PABX, whose wealth of functions are often underutilised by those with nothing more than a push-button phone to

use and where access to services depends on the remembering of codes.

The growth of equipment sales has been most rapid in the small business sector. This is due to the fact that PABXs have made little impact in this sector and because of the sheer size of the market.

Nearly 80 per cent of all companies in the UK employ 20 people or fewer, which goes a long way to explain the popularity of the second major area of telephone equipment: key systems.

These systems place the benefits of SPC (stored program control) in a package that provides the level of sophistication just right for the small business at a price they can afford.

Normally, each extension will cost between £300 and £400, although prices can range from below £300 to over £600. The result is the creation of a market of over 8,000 units a year, although setting precise criteria on the number of staff required to make a key system viable is hard. This explains why a company such as Mitel produces PABX/key system hybrids such as the Entrepreneur.

Basically, user-operated computerised versions of manual PABXs, key systems offer ease of use with push button facil-

ties. A machine's capabilities are normally contained in a numeric sequence after the name, so that GEC's 520 offers five external lines and 20 extensions.

Systems can be operated below their maximum specification, allowing them to grow with the company; an important feature.

Key systems offer many features, although it is important to identify those of direct use to your company before looking at specific systems to avoid being confused by the sheer number of capabilities.

The most useful of the generally available features are full two-way loudspeaking which allows hands-free operation on both exchange lines and internal calls together with the paging of staff.

Memories

Abbreviated dialling, usually with both personal extension memories and system memories, call transferring, call barring and automatic diversion are all worth having. It should also be remembered that since incoming calls can be answered from all extensions, it is important to have built-in operator features such as a night service.

Many key systems now feature units with LED displays. These can be used to indicate simple information like the extension called or to give more complex information like the number of units used on a call, and the cost of those units. With all of these features available on all systems, and available to all staff, if required, proper training is essential to get the best out of your investment.

Intelligent telephones or feature phones have become a boom market. They offer a winning combination of labour-saving features and smart, modern looks.

Units vary greatly in sophistication, with some only offering one feature such as abbreviated dialling of commonly used numbers and others offering a wide range of capabilities such as abbreviated dialling, two-way loud speaking and on-hook dialling.

Cordless phones, which can be operated at some distance from the base unit, are also very popular. ITC, a wholesaler which moves over 6,000 units per month, has identified the three best-sellers as the BT Statesman push-button unit, the 50 number memory Ace Telecom hands-free phone and the United Cordless which has a range of up to 700 ft.

The intelligent phone market looks set for continued growth, since the modern generation of phones appeal to all sectors of business and to the domestic consumer.

The modern telephony market is a rapidly changing one, and the speed of development seems unlikely to slow in the near future.

The business purchaser has never needed to be more aware of the market's development and have good information on equipment and future developments.



There are now more than 100 different models of microcomputers on the market. The software sector is also growing rapidly with more than 5,000 programmes available. Above: the Xerox 16/8 microcomputer, incorporating two processors with two quite separate memories

New models flood into crowded market place

Microcomputers

ELAINE WILLIAMS

HARDLY a day passes without the announcement of a new model of personal computer. In the past month or so IBM has added the AT, a new version of its successful PC. Meanwhile, Data General and Philips have launched their own ranges, vying for a market share with companies such as Olivetti, Burroughs, Apple, ICL, Hewlett Packard, Texas Instruments and Sooy.

Most big electronics and computer companies now produce microcomputers, which they have realised, are now making inroads into the office equipment field.

Large companies buy microcomputers in their hundreds to provide managers with financial information and link into larger computer systems, for example. Small businesses and individuals can run their accounts and stock control and use the personal computer as a word processor.

IBM's PC, in its various forms, is the market leader and is now reckoned to account for about 70 per cent of all machines sold in this sector of the computer market.

Relatively late into the microcomputer market, IBM waited until the market was proved before introducing the PC. Though the computer was technically not so innovative,

buyers felt that IBM was unlikely to drop suddenly out of the market.

This was an important selling point in a market where financial fortunes can change dramatically. It is acknowledged within the industry that few of the 700 or so computer models from more than 150 manufacturers around the world can survive. In the past year some 200 products have been taken off the market and about 80 companies have ceased trading.

Japanese manufacturers, recognising this problem, have set about standardising their competing models. The idea is to allow customers to use the same computer programmes on any model and to communicate with each other for services like electronic mail.

Until recently there was a tendency to make computers incompatible in the hope that a customer would stick to a single make.

In the small computer market businesses want more freedom in the way they link their equipment together, picking components from a variety of manufacturers. Japanese companies, including Sony, Sharp, Seiko, and Toshiba, have chosen a single operating system, named MCX, which dictates how the computer handles programs.

Computers can now use one of 240 different operating systems, of which MS-DOS and CP/M are the most popular. But it still remains to be seen if the Japanese companies will be successful with their strategy

on operating systems. Microcomputers present a problem in that they not only have different operating systems but must be able to work in widely differing configurations. For example, some machines must be powerful enough to allow more than one user at a time or be used by only one.

It might be an 8-bit, 16-bit or even 32-bit computer. This is a measure of its speed and computational ability. Eight-bit computers tend to use the CP/M operating system. No outright leader has emerged for 16-bit, though CP/M and PC-DOS and MS-DOS are popular.

Compatibility

Some manufacturers have adopted a policy of making their computers compatible with IBM personal computers. This is probably the second-largest sector behind IBM itself. ACT's Sirius and Apricot machines are examples of such machines. As important as the microcomputer itself are the programs—the software—to go with it. This sector of the market has grown rapidly over the past year the number of computer programs available has doubled. Systems, spreadsheets and financial planning. Business graphics has also grown rapidly in the past year or so.

Software companies are also tending to aim at particular markets like accountancy and stockbroking, while scientific software is becoming increasingly important.



Telecom Gold data link

MANY companies in the information business now depend on the speed with which they can make their computerised database available. Where their clients have direct access to the database from their own computer systems or other terminals, great frustration can be caused by sudden failure of the host computer system.

UAPT Infolink, a leading UK holder of credit data, has solved this problem by offering a back-up information service through Telecom Gold's electronic mail system.

UAPT Infolink is owned by its members, currently numbering 10,000, who each contribute to and have access to the automatic credit enquiry database, (ACE), which is directly accessed from more than 1,000 locations in the UK, normally via viewdata, teletype, telex or computer-to-computer links.

The modern telephony market is a rapidly changing one, and the speed of development seems unlikely to slow in the near future.

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More alternatives in cable management

Linking the systems

GEOFFREY CHARLISH

THE GROWING numbers of electronic units in offices, ranging from typewriters to personal computers, has called for new approaches to the safe, convenient and cost-effective provision of electric cabling.

Eventually there will be either change or expansion in most offices, so that any conventional power and signal cable installation will need expensive modification. The alternative is long leads trailing over the floor and multi-socket adaptors.

The use of platform floors in computer rooms is already well known. Cost and performance comparisons now also prove this to be a popular choice for offices—a fact borne out by the increase in the number of such floors being installed in both new buildings and in refurbishment schemes. One of the largest UK manufacturers, Propadon, reports a three-fold increase in demand for office applications over the past three years.

In smaller offices, with up to a dozen or so people, one of the multi-outlet systems, wall mounted, can produce a solution to the cable management problem.

Electropoint of Feltham, Middlesex, offers a system called Multipoint which consists of a long plastic extrusion enclosing three rigidly-supported copper conductor rails. At 300mm intervals the rail is specially formed to accept and grip the pins of a standard 13 Amp plug. A sliding guard closes to cover the pin holes after the plug is removed.

Multipoint can be run horizontally at any height round the outside of a new or refurbished office and the ducting has space for signal cables as well. The company says the cost

can be as little as £4.50 per socket, including labour, whereas conventional sockets can cost up to £20 each to install.

A similar system from Electrak of Kingston-on-Thames, also uses three bus bars, but the connection arrangement is different. A special plug is inserted and then turned through 90 degrees. The turning action breaks the line, neutral and earth pins into contact with their respective bus bars, which are spaced one behind the other away from the wall.

Electrak is claimed to be particularly safe. A finger can be inserted quite safely in the socket holes since all the live metal is well above and protected in slots within the internal plastic. Furthermore, the socket outlets are spaced at either 100mm or 200mm, so that an appliance can always be plugged in with the shortest possible cord.

Another version that will also accommodate signal cables is available.

Electrak costs about £35 per metre run and £1.60 for a plug. It is claimed that beyond just one or two outlets in a room, the system becomes progressively cheaper than conventional installations.

Example

In large open-plan offices with no partitioning, where some workstations might be 30 or 40 ft from a wall, false floors or ceilings are needed.

Electrak for example, is being used by Floorplan Electrical of Blackburn, which specialises in underfloor systems.

In its flush-floor trunking system, a 65 mm deep three-compartment duct is sunk into the screed at the building or refurbishment stage. A series of floor-level lids forms the top surface. Electrak runs in the centre compartment, leaving the outside ones for telephone and data cables.

Any lid can be exchanged for a floor outlet box to which the office equipment is connected.

This in turn links to the nearest Electrak outlet and to the signal cabling systems under the floor.

Since Electrak was launched in March 1983, the emphasis has shifted from walls to floors (or ceilings) and Mr Christopher Adams, finance director, believes future business will divide about equally between the two.

Earlier this year a system called Versa-Trak was introduced into the UK by the U.S.-based company Thomas and Betts.

Provided that carpet tiles are used, this flat cabling system can be run on the floor surface to give complete flexibility of workstation positioning, which, the company claims, is not always possible with underfloor ducts. Office layout changes can be made while normal work goes on.

Versa-Trak is only 0.024 ins thick and causes no noticeable "hump" under the carpet. The main cable consists of three thin copper strips, 0.75 ins wide, enclosed on each side by laminated polyester strips covering the full width of about 3 ins.

Small diameter coaxial cables and telephone cables with up to 25 pairs are moulded within flat strips 0.5 ins wide or less. They are run separately adjacent to the main system and the whole is protected from above by a thin steel strip taped to the floor.

To branch off from a main run, special punching and crimping tools are used in a joining process taking about five minutes.

Thomas and Betts claims that an average office can be cabled for 60 per cent of the cost of the conventional ducting approach.

On the other hand, Toshiba believes flat cabling is too expensive. In Japan it has introduced an underfloor system that accommodates broadband and baseband (high and low information capacity) coupling devices for networking, as well as the cable itself.

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Office Equipment 7

Computer printouts end the 'paperless office' myth

Stationery and consumables
MICHAEL WELSHIRE

DESPITE ALL the predictions of the 'paperless' office, the desk-top revolution is bringing instead a much-needed boost for the commercial stationery sector.

In Britain, the biggest growth area in the stationery market is for computer printout products. Sales in this area increased by 50 per cent last year.

The prospect of the so-called 'paperless' office is dismissed by most observers, who believe that there will always be paper in one form or another, including photocopies and printouts, despite computers, microfilm and fiche, and such systems as telex and facsimile transmission equipment.

A Key Note report on the stationery market says there will be no sudden end to the demand for written communications, so that filing and other conventional stationery systems will have a future for at least the next 20 years.

The electronic office is also bringing with it other lucrative and expanding markets for 'consumable' items: the ribbons, printheads and floppy disks without which many kinds of office equipment simply cannot function.

Rank Xerox is the biggest supplier of cut sheet paper in Europe. In 1983, its office supplies division achieved a 10 per cent growth in profits, despite a reduction in paper prices and intensive competition because of over-capacity in the paper industry.

The stationery market has undergone lean times in recent years, as companies pruned their operations in office supplies during the recession.

There are, nevertheless, signs now of a distinct upturn in the market. This trend should continue for the next few years, according to the latest Euromonitor report on the sector.

New outlets

In Britain, the stationery market is served by more than 500 manufacturers and dealers in an extensive and growing product range that straddles the consumer and commercial markets. As the concept of the 'home office' develops, and high street retail outlets seek a larger market share of office and commercial products, so the distinction between consumer and commercial sales is becoming more blurred.

Office Equipment Digest (OED) in a recent summary of the market, notes that stationery suppliers are a less exciting and perhaps less interesting area than office machine or furniture, but the sector represents a very substantial amount of expenditure and has been relatively stable.

Some of the larger manufacturers in this sector have found



Despite the advent of the electronic office, there will always be paper in one form or another. Above: a multi-purpose information distributor from IBM prints documents with a laser in original quality and receives and transmits electronically over ordinary telephone lines. The equipment can be used in conjunction with the IBM Mag

Card 82 typewriter. The laser technology enables the information distributor to print up to two separate type styles on a single page in any sequence. Nine type styles are available

single source supplies in 1968—reveals that as many as 350 companies are operating the system on a national basis.

It is difficult to make good profits but the potential is clearly there, as can be seen from the results of some of the smaller companies in the field.

The question mark that hangs over the whole range of stationery supplies concerns the effect which the computer may or may not have on traditional products—the evidence to date is pretty inconclusive, but the future surely holds more of a threat than an opportunity for traditional manufacturers, says the OED report.

The trend is continuing towards regular deliveries by contract stations, replacing assorted purchases out of the petty cash in many companies. The stationery market is rife with price-cutting and discounting, caused in part by lack of growth in most sectors, fierce competition between retail outlets, as well as direct sales and discounting by manufacturers and wholesalers.

Wholesalers have secured a strong position in the UK stationery trade. The three major companies are Spicers of Cambridge; John Heath of Birmingham and Neville and Gladstone of Barnet. Turnover figures last year were, respectively, £45m, £40m and £15m.

Various independent wholesalers are forming buying consortiums. These allow the small local wholesaler to buy at the

maximum bulk discounts, thus allowing them to compete effectively. The largest of these consortiums is the Club Stationery group (turnover £2m in 1983), which includes 19 regional wholesalers, most of which are long-established family companies. Instat (turnover £20m), the next largest consortium, has 13 member-wholesalers.

Direct sale manufacturers used to claim that an order of £300-£400 was essential for economical sales, but this has probably risen to £400-£500 now, says the Key Note report.

Specialists

A number of producers are also moving into direct mail, perhaps forgetting that the specialists, such as Immac, are not only entrenched, but that direct mail catalogues need to be comprehensive in the products covered and well-produced if they are to succeed and create confidence in the market.

More than 300 major UK companies have adopted a single-source method of purchasing stationery, according to a new report. Single source supply means that a company contracts one supplier to provide all its stationery requirements.

The survey, conducted by Cartwright Brice, the London-based stationery supplier and

users also tend to rationalise the lines they use: out of 3,500 products available from Cartwright Brice, for example, the average number specified is 150.

"The most common objection to the system from non-users is the fear of buying all items from one supplier," says Mr Ray Hook, Cartwright Brice's marketing manager, "but users with high annual spends consider the savings outweigh this particular hazard—providing the supplier chosen has sufficient size and experience to operate the system."

* Key Note Business Information (01-253 3006); Office Equipment Digest (01-251 6504).

† Euromonitor: stationery report (details on 01-251 6024).

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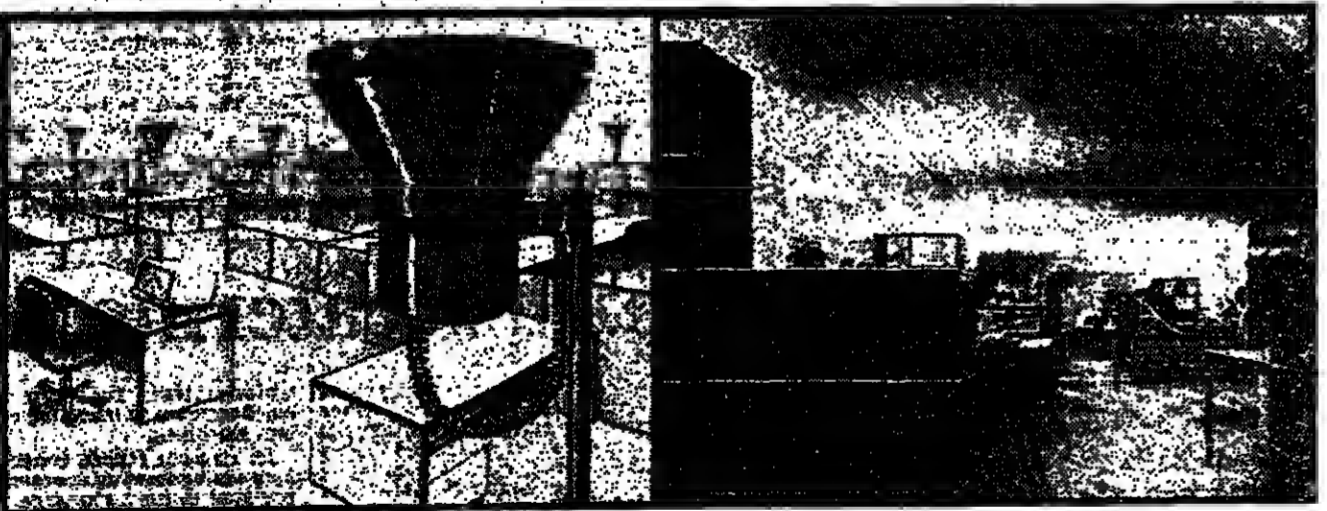
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FT8/10/84



Glare-free up-lighting: not a new idea, but one that is now proving a boon in the age of the VDU. Left: the new range of up-lighters from Project Office Furniture, and, right, lighting installed in the Swiss Haller furniture system at the London offices of Building Design Partnership. The BDP up-lighters are the SON-DL High pressure sodium lamp and the mercury halide Kolorare from Thom Lighting

Up-lighting: a new buzz-word

Lighting the electronic office
NITA GRAY

LIGHTING is a complex issue in the electronic office—but it is an issue that often receives inadequate attention.

Office managers ignore it at their own risk, because VDUs are by no means proven healthy for everybody to use under any old conditions.

Bad lighting can turn video screens into positive health hazards, causing refractive disorders, muscle imbalances and disease in the eye and its orbit—result: staff complaining of headaches and staying away from work. The very productivity that is sought by automation is lost.

If your office has the classic lighting system of the styles

and severities, so much of neon beams slice across the ceiling of an open office, try taking a look into the screen of one of the word processors. It is quite likely to glare and glitter like the oncoming lane of the M1 at night. This is bad news: you need low-luminance downward directional luminaires.

In plain English that means concealed lighting—strips hidden, for example, by cleverly designed louvres so that you only see the glare from directly underneath, if at all.

Overhead lighting that does not endanger the health of screen-working staff is unlikely to be as cost-efficient as the easy answers of yesterday, either from the energy overhead point of view or that of capital investment. This is another hidden cost factor of office automation.

Actually, in the automated electronic office lighting should not be situated overhead at all. The ceiling should be light, of

course, but the sources should be elsewhere. That brings up a buzz-word of the VDU age: up-lighting.

Up-lighting is not a new idea—it was big in the 1980s in the London Underground, and on the River Queen Mary—but it is coming back to the fore as the only way to reduce drastically overall glare in the electronic office.

Combination

Conventional halogen-lamp uplighters are good for small spaces, but they are costly and tend to drain an area of its colour. In bigger areas they can be combined with local lighting sources but here the snag is that many of the local lights have to be attached to modular furniture units. When such units are moved, as they frequently are in an open plan system, then the lighting plan is spoiled.

Nevertheless, it is possible

with floodlight-type uplighting (high intensity discharge lamps) to obtain legally required light levels on work surfaces with a glare level below the recommended index of 19.

One type of local light which is useful in this context is the sort of bracket desk lamp coming out of Italy whose dish curvatures up and down for use with screen equipment.

The glare problem is not about to go away. Soon, just about every important desk in British business will be equipped with a cathode ray tube. It is a big health issue which bears the seeds of a severe health crisis as statistics emerge over the coming years.

The trouble is, a radical approach to eliminating glare involves re-designing the office from top to bottom. And we won't get on top of that problem for a while yet.

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Office Equipment 8

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New-look London dealer rooms: (right) a scheme designed by the Offescape group at Cutlers Gardens in the City of London, incorporating equipment from Specialised Banking Furniture International. Left: Intercraft's Transform system range has been chosen by Hoare Govett for their offices in Seven House, Elgin Road, WCL, which are being refurbished. Included in Intercraft's contract are Transform



dealer desks, office desks, file storage, screens and Sedus chairs for 88 dealers. The latest innovation for the Hoare Govett dealer workstations are the Intercraft uplighters. Intercraft's contract has recently been extended to cover the sixth-floor equities and research departments. Installations will be carried out while the floor is partially occupied

Planners seek greater degree of flexibility

Furniture design trends

MICHAEL WILTSHIRE

BRITISH FURNITURE manufacturers are fighting back strongly against imported products by introducing highly flexible and stylish systems for the automated office. The British Equipment Trade Association, through its furniture division, has formed the British Office Furniture Manufacturers Group to promote the products and services of leading furniture manufacturers which together have a turnover of around £150m.

A number of leading manufacturers take the view that sooner or later there will be much simplification in the systems furniture ranges, as a result of developments in office technology. This view is emphasised by Caplan, which has seen an 87 per cent increase in sales in the six months of this year. Mr Brian Matthews, Caplan's chief executive commenting on the emergence of the micro-computer in even the smallest businesses, says that "very few companies want to totally re-vamp their office environment with complex screen-based systems furniture costing £1,500 a workstation just to accommodate a new piece of office machinery".

The versatile British-made Office Kit for example, is the result of intensive study of the needs of the working office and of five years of design and development. The system has achieved "considerable success" since it was launched two years ago. It has a range of flexible components which come in kit form for on-site assembly. The system takes care of wiring for information technology equipment and also caters for the design-conscious small office user.

Consortium
The Office Kit consortium, brought together by Michael Carson, comprises of four leading UK companies, each with extensive experience in their own field, to manufacture, assemble and market the system. The main manufacturing contractor is F. Rendell, part of the Lovell Construction Group.

Microcomputer usage
ONE of the significant trends in UK offices is the increasing use of the microcomputer as a word processor. The trend is accelerated by manufacturers offering word processing as a complete package. In 1983, NBES estimated that 22 per cent of offices with micros used them as word processors as their prime application, but the current usage has now risen to 48 per cent. The survey also suggests that the need to combine data processing with word processing is of significant importance to end-users.



Mr Gautam Barua, director of market analysts, NBES

Packages offer cash flow benefits

Leasing arrangements

MICHAEL WILTSHIRE

BRITAIN has the largest leasing market for office equipment in Europe, with a 47 per cent increase in business last year reported by the 63 member companies of the Equipment Leasing Association. This brought the total of office equipment obtained through ELA members alone to more than £700m, but a very substantial amount of equipment is obtained by end-users dealing directly with manufacturers. The office equipment market is "very leasing orientated," not merely for the tax benefits but mainly because of cash-flow advantages, says the ELA. In a study of current methods of financing office automation, the National Business Equipment Survey estimates that, on average, 43 per cent of equipment is leased, 40 per cent is bought, 15 per cent is rented and 2 per cent is obtained on hire purchase arrangements. There are indications now,

however, that with the economy recovering and the consequent improvement in cash flow, that more office establishments are trying to buy less-expensive items outright, says NBES. Even a high proportion of relatively expensive equipment, such as facsimile machines, are bought outright (47 per cent). The increase in leasing in the office sector reflects the expansion of Britain's leasing industry which is likely to achieve more than £3bn worth of new business this year, as industry brings forward its investment plans, following the phased reduction of capital allowances announced in the Budget.

There are clearly variations in the level of leasing within the various sectors of office equipment. With copiers, for example, the level of leasing may be as high as 80 per cent. Leasing arrangements have particular appeal to new companies, since the office environment is an important factor in giving clients their first impression of the business. Its image, efficiency and management techniques may all be pre-judged from this first experience. Furniture, for example, may be leased. The period of the lease can be fixed to suit a client's needs; rentals are un-

The demand for personal desk-top computers

Estimates for small business computer installations by type in the UK. The real future growth will be in personal desk-top computers which will be suitable for both domestic and office use, according to market analysts, MCM Corporate Services.

	1982	1983	1984	1985
Small business systems	40,000	50,000	55,000	60,000
Mini computers	30,000	40,000	45,000	50,000
Micro computers	5,000	10,000	20,000	40,000
Personal desk tops	175,000	300,000	580,000	850,000
Totals	250,000	400,000	700,000	1,000,000

High cost of office catering
salaries, National Insurance contributions and employee benefits) to income (total sales excluding VAT) as being £112 to £100. Consider a company's loss on cost of materials and labour per employee: during this same six-month period, the overall average loss (i.e. subsidy per person) was £61.08 (a quarterly average of £20.51). Comparing this with 1983-82 figures indicates further how employers' costs are rising. Over this period an employer suffered an average loss of £90.08 per employee (a quarterly average of £22.52).

Employees' facilities
SUE SHORTLAND
STAFF CATERING has become a major consumer — of employers' money. Some organisations spend as much as four per cent of their annual wage bills on feeding their workforces. The average price of a subsidised lunch in a staff restaurant is a mere 50 pence, according to a recent survey of catering prices, costs and subsidies carried out by the Industrial Society. But the true price of such a meal can be as high as £4. And with British industry serving more than 1bn meals in its staff restaurants and directors' dining rooms every year, the need has never been greater to find a way of reducing costs.

Price rises
In order to try to recoup some of these costs, employers could put up meal prices. However, they do not appear keen to do this. If the staff restaurant is supposed to serve as part of the benefits package, it can hardly be considered too high if the staff using it. Price rises may lead to industrial relations implications — higher wage claims perhaps as well as lowered staff morale.

There is also a psychological barrier to prices drifting over the £1 mark. If it becomes cheaper for employees to bring their own lunch to work with them, they will opt for this rather than spending extra cash in the canteen. And if the numbers using the canteen fall — the cost per head for the employer rises. So organisations are finding that as food costs continue to rise, they may be unable to

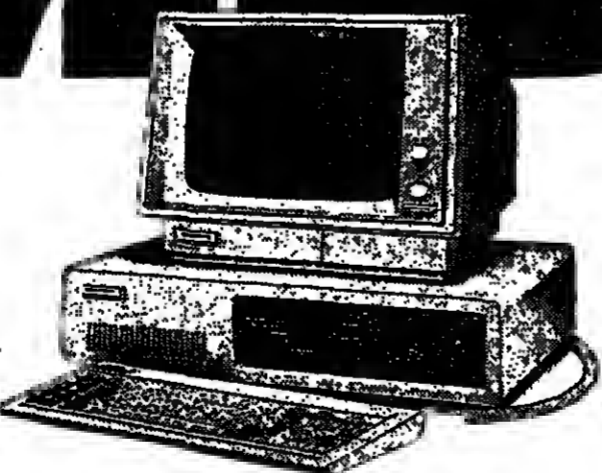
cover these by increased prices. And with labour and other costs rising too the subsidy per employee per year and hence the overall cost of running a staff restaurant will continue to spiral upwards. The majority of staff catering concerns are managed and run internally by British industry with a catering or personnel manager/department in charge of this work. But this in-house management does not necessarily provide the most cost-effective service. It is becoming increasingly common practice for organisations to engage outside contractors to manage the catering facilities. Such contractors may be able to reduce a firm's catering costs considerably by their ability to buy raw materials in bulk and even purchase equipment at lower prices than a company catering manager could negotiate.

For instance, one company reported by Income Data Services (an independent industrial relations research company), in a study on industrial catering, that it believed that the use of catering contractor could lead to savings of £16,000 a year on its £34,000 catering bill. The main contract caterers in the business are Gardner Merchant, Grandmet Catering Services, Sutcliffe Catering and ARA Food Services. It is estimated that over 35 per cent of organisations which provide catering facilities have this work done by outside contractors. As a further attempt to reduce costs many companies are moving away from running staff restaurants, with their

typical meat and two veg lunches towards installing vending machines. In a recent report, conducted by a major vending operator, 96 per cent of the 5,100 large companies surveyed used vending machines. Although traditionally such machines have been acquired to provide staff with beverages, they are now increasingly being installed to sell food ranging from sandwiches through to full meals. Vending machines which are restocked daily can provide cold meals, such as salads, but, as well as this, if teamed with a microwave oven, food that has been cooked and blast-chilled, can be quickly reheated to provide a hot lunch.

Options
Companies may either rent or buy these vending machines. They can also either buy the food and train their own staff to stock and maintain the machines or they can engage an outside contractor to do these tasks. Here, too, the contractors can help the employer to make savings. They can receive discounts on raw materials which the employing organisation could not match as well as being able to provide a necessary maintenance backup service. As costs continue to increase, employers need to be aware not only of the importance of making cost savings but also of the options available in the catering market.

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Office Equipment 9

Big demand for computer-related systems

ONE OF the driving forces behind the expansion in the office furniture market is the phenomenal growth in microcomputer usage within business environments. Computers, word processors, printers and disks all require purpose-designed desks and filing/storage facilities. Last year, according to the Office Equipment Digest, the UK market for tables and desks was up 12.5 per cent to £45m. Seating sales increased by 10 per cent to £33m, and filing and storage unit sales were up 11.1 per cent to £30m.

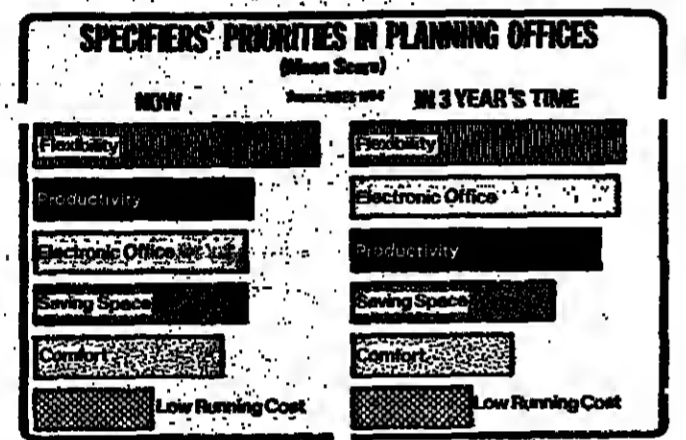
The strongest growth area is for computer-related systems furniture, a market which some analysts estimate to be worth £52m, although its true size is difficult to prove. A Key Note report says that while many systems suppliers publish price lists which usually relate to the cost per workstation and the grade of furniture used, fierce competition for contracts leads frequently to heavy discounting, which begins with the salesman making an offer that may be further reduced by his boss.

Furniture

MICHAEL WILTSHIRE

Thus, price lists "are not very meaningful" and discount policy is often a closely-guarded secret, says the report.

The mood of the market leaders at present is, nevertheless, one of optimism, having just weathered the worst recession the industry has known since the 1930s.



The National Business Equipment Survey recently asked a group of major office-planning consultants and corporate architects in the UK to rank six office-design aims in order of importance. This chart shows "flexibility" emerges as the top-most priority, but respondents anticipated "provision for the electronic office" may become an almost equally important factor in three years' time.



Mr Bob Steel, managing director of the Project group; Mr Jack Lucas, marketing director of Lucas Furniture Systems; Mr Chris Glasston, chairman of Vickers Furniture, Britain's leading manufacturer of steel office furniture.

Mr Bob Steel, managing director of the Project group, predicting big growth in desk-based furniture of a modular nature suited to exact individual needs.

Mr Jack Lucas, marketing director of Lucas Furniture Systems which this year won a Design Council award for its Programme 2 range.

Mr Chris Glasston, chairman of Vickers Furniture, Britain's leading manufacturer of steel office furniture, confident that UK products can compete strongly in international markets.

Aranson (21 per cent), Project (15 per cent), and Caplan (10 per cent) according to NBES. Project, with sales of 60,000 desks in 1982, now estimates its own market share at more than 20 per cent.

Most major manufacturers agree that the furniture industry has enjoyed a high level of activity since last year, reflecting the emergence of a latent demand flowing through from both new office developments and major refurbishment schemes.

Sales of office furniture in general have increased in two years from £127m in 1982 to £151m in 1983, according to Business Monitor. Sales for the first quarter of 1984 were up by 14 per cent on the same period of 1983.

The Key Note report suggests that 23 per cent of all UK office furniture sales in 1982 were for systems furniture. It predicts that the trend towards this type of furniture will continue and that sales of traditional stand-alone desks will slowly decline. The trend towards sales of "systems" packages which generally include a desk and consultancy element, as well as methods of dealing with special problems such as lighting and wire management, reflects the new "problem solving" approach to the selling of office furniture. Vickers, for example, has doubled its sales of system furniture within a year.

Intentions

Korn Ferry International had already revealed in their survey of Business Equipment Trends 1983/84 that over 67 per cent of the UK's top companies intended to increase expenditure on technology-led products over the next two years. A Frost and Sullivan report estimated the UK office computer market would grow from \$300m in 1982 to \$488m in 1990.

In the U.S., relatively more emphasis is placed on short-term productivity than on staff satisfaction, thinks Mr Steel.

"In the UK we have been slower to take up systems furniture. Managements are more sensitive to the issue of staff 'facing the screen'. So they tend to go for lower height and less density of screens. The result is a less oppressive use of screens—which provides real aesthetic benefits and improves the acoustic environment," he says.

This year Lucas set a target of 25 per cent sales growth—and has already exceeded it. The company is now aiming for similar increases in sales for the year ending March, 1985. Turnover now exceeds £5m.

Caplan Office Furniture, a subsidiary of Pentos, recently announced an 87 per cent increase in sales for the first six months of the year—a good indicator of the upswing in the "simple systems" market.

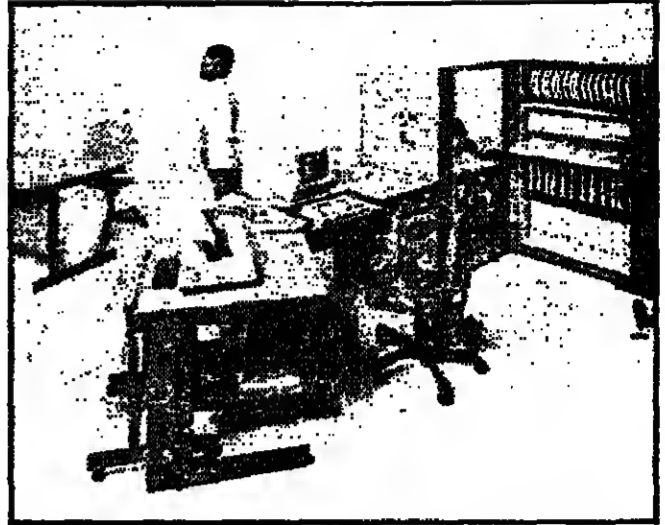
Mr Brian Mathews, Caplan's chief executive, says that a large part of the success of the company, which was faltering badly when Pentos took it over in 1979, is due to the launch of the Novus systems range which meets a growing demand for simple furniture systems that will accommodate new technology but not look out of place alongside traditional furniture.

The furniture sector has seen a number of notable changes in the past year. Steelcase Strafor, Europe's largest manufacturer of office furnishing systems, has decided to pursue a dealer-only policy. Once this system is set up, the company will make no direct sales.

Steelcase Strafor (set up in 1979 as a joint venture between the U.S.-based Steelcase organisation and Group Forges le Strasbourg of France) is looking for 10 per cent of the overall UK market. UK turnover was £7.5m last year and could reach £12m this year.

Last October, Ergonom International acquired a controlling interest in Hille International, one of Britain's leading designers and manufacturers of contract furniture. In January this year, Hille's products and manufacturing facilities were nationalised, resulting in the sale of the company's interests in the Hille System of office furniture to H. N. Barnes, which was allowed to use the name Hille System for 18 months.

Hille continues to expand its activities in the design and production of executive office furniture and, in particular, its award-winning Suptoco chair range. Ergonom, as importers, represent two major European manufacturers in the UK: Unifor of Emme di Italy, makers of the Modulo 3 and Misura ranges; and Wilkin of West Germany.



A micro-computer and printer workstation in Project's "4000" furniture range. Project is the largest manufacturer of wooden office furniture in Britain.

Facilities managers seek ways to cut costs

MILLIONS of pounds are spent each year on office products, services and maintenance by facilities managers—members of an emerging profession that is often difficult to identify in Britain.

This summer moves were made in the UK to form a professional organisation for facilities managers, as already exists in the U.S.

As organisations change more rapidly and the electronic office becomes inextricably bound up in the physical fabric of buildings, the result of poor judgment in managing space and facilities now leads to punishingly heavy occupancy costs. The facilities manager thus finds himself and his high-profile job exposed as never before. He cannot afford to be badly informed.

For the first time in London, M.W.

Exhibition diary dates

- 1984-85 exhibition programme in which BETA members will be involved include the following:
 - Orgatechnik, Cologne, West Germany, October 25-30 1984.
 - Comdex Europe, Amsterdam, Holland, October 29-November 1 1984.
 - Hanover Fair, Hanover, West Germany, April 17-25 1985.
 - Association for Information and Image Management, Washington DC, April 29-May 2 1985.
 - Comtec Europe, Brussels, Belgium, May 1985.
 - IEABS, Vienna, Austria, May 1985.
- Other key dates—in the

MANUFACTURER'S PROFILE: VICKERS FURNITURE

Vickers plans 'a secret weapon'

VICKERS FURNITURE, Britain's leading manufacturer of steel office furniture, storage and filing systems, has what some executives call a new "secret weapon" to launch on the highly-competitive systems furniture market, early next year.

Company officials are clearly optimistic about the new development which is believed to combine the best of European and U.S.-style systems. Heavy investment has gone into Vickers Furniture's new plant, now has some of the most sophisticated manufacturing equipment in the furniture industry.

the telecommunications link-unit reception desk which houses the BT Monarch computer exchange system.

"We feel this is a good example of furniture and machinery working together," says Mr Chris Glasston, chairman of Vickers Furniture.

The system allows the customer to purchase the whole package with the choice of acquiring extra compatible furniture in the future.

In the seating market, Vickers has striven for a product that would compete with the best German engineering and Italian styling and allow UK products to catch up with the competition at home and abroad. The result is the successful Delta chair range which has recently been accepted by the Design Centre, London.

of Vickers Furniture in the UK and BRM (Behin-Robust-tacter-Möbelen) and Vickers Romeo in France.

The Division (part of the giant Vickers group with a dozen major markets ranging from industrial equipment to aerospace) handles export marketing for all three business equipment companies—and is one of the leading European suppliers of office furniture.

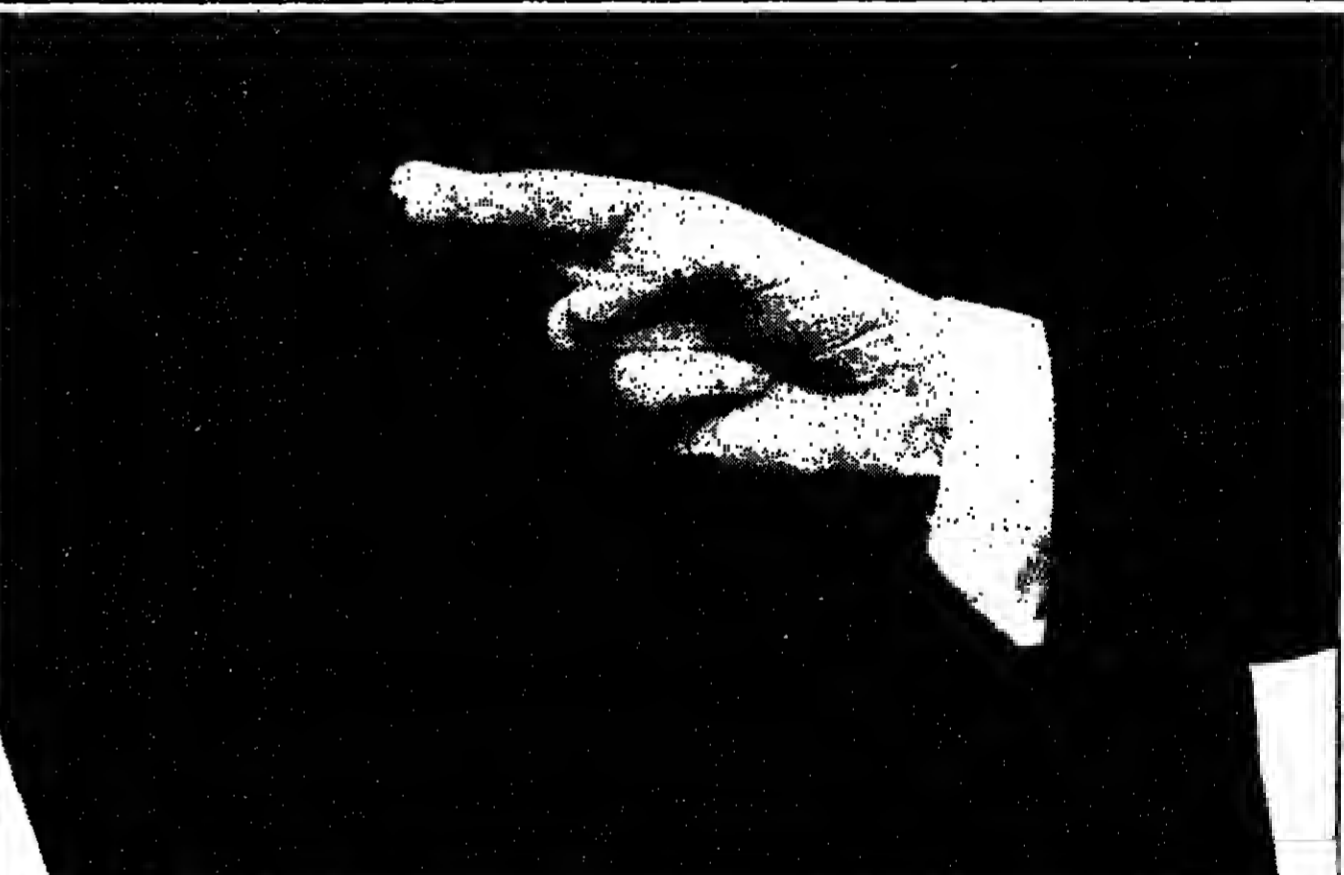
Successful cross-marketing, with the UK company acting as a British agent for the French companies' products, and vice versa, has led to a co-ordinated product development programme. As a result, an increasing number of the group's products is now made in both countries—for example, the UK-designed Delta chair range.

and storage units for use in UK Government departments, schools and hospitals.

Commercial customers range from the Stock Exchange and the main clearing banks to American Express, Diners' Club and Access. Vickers believes that the UK office furniture industry is winning a useful boost as the financial houses of London lead the rest of Europe in applying new office technology—and thus install the systems furniture to go with it.

As an example of the British influence on the European market, Vickers points to a significant order received from the Bank of Bruxelles and Lambert, which had the pick of European furniture manufacturers, but which was undoubtedly influenced in its final choice of a British product because of its successful application in the UK's own financial centres.

MICHAEL WILTSHIRE



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Sector wins new lease of life

Microfilm

GEORGE CHARLES

MICROFILM is sometimes dismissed as "old technology" and it is true that the optical disc, able to store 0.5m AA pages on a 12-inch side, at very low cost, has caused ripples in the microfilm business.

In fact, the choice of bulk storage is one of "horses for courses". Key factors are the origin of the data, its access frequency and the location of the recipients, how much there is, how long it will be kept, how securely it must be stored and, of course, what the cost is of keeping it.

£12m market

In many cases, when each of these is carefully considered, microfilm wins. According to Mr Gerald Baker, a market research specialist, the UK market alone will be worth £12m in 1984. Much of this is spent on conventional microfilm cameras and readers, on COM (computer output on microfilm) and on magnetic services. However, expenditure is growing on computer-aided retrieval (CAR) of roll film and, more recently, of microfiche. Bell and

Howell expects to sell film of its CAR equipment this year. Kodak, Intec and 3M make similar units.

In the financial institutions there are many customer documents bearing signatures of which true facsimiles on microfilm are the only alternative to the paper itself. Access is infrequent.

Other companies have custom-made paperwork, the originals of which (or a representation) might need viewing when sales or payment queries occur.

Obviously none of these is a candidate for keying. A case might be made for scanning the original documents and storing the resulting digital data on optical discs. Mr Richard Austin, European managing director of Bell and Howell, thinks such equipment will appear before long in stand-alone form, at affordable prices.

However, such records are not a true facsimile and might not be legally admissible in some parts of the world.

In other industries, things are changing. For example, General Electric of the U.S. recently decided to scan the existing 1.5m microfilm drawings and production drawings in one of its plants and digitally record them on optical discs. Here, more frequent access is involved from many terminals, some remote.

The GE system was developed by Integrated Automation based on the Thomson CSF disc. A similar system has gone into the U.S. Library of Congress in Washington.

A further likely trend for drawings will be the direct recording of computer-aided design graphical data on to optical disc.

Kodak is developing KIMS (Kodak Image Management System), in which, electronic display features, but the basis of bulk storage remains the roll of 16mm microfilm.

Two systems

The film is accessed using two systems. One is the recently introduced KAR 4000, which allows access to computer files from a previously entered summary details of a specific microfilm frame can be displayed on a screen and keyboard unit. Alternatively, the frame itself is printed, the operator using index and roll film location instructions provided on the screen.

The second KIMS element is a system in which, obeying instructions from a terminal (which can be remote), will select a film cassette from a mass store, find a frame, scan it using semiconductor cameras and make the image available as a digit stream. The images can then be brought up on a

high-resolution cathode ray tube display located almost anywhere.

Kodak has developed an optical disc system of its own (14 inch discs storing 100,000 pages of text). How this can fit into the KIMS approach without invalidating the microfilm element is not clear, since the original documents themselves, if they exist, might as well be scanned and put on the disc.

Systems like KIMS and a similar development from Amouth Systems of Bourne-mouth (into which an optical disc is about to be incorporated) are expensive and likely to be used only by large organisations needing immediate, remote, multiple terminal access of quite large databases.

For smaller-scale applications, Mr Gerald Frankel, chairman of Intec in Stamford, Middlesex, thinks conventional microfilm has a long way to go yet. For example, it is still very cheap for companies to send monthly updates of data to customers or suppliers via mailed microfilm. In addition, his company has just announced a camera that microfilms CAD screens for cheap distribution of drawings. Dicom has a similar equipment.

Electronics or not, the microfilm market continues to grow at 10 to 12 per cent a year.

Office Equipment 10

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Moving offices may well bring wide benefits to companies but these are often only fully achieved if employees are offered an attractive relocation package when moving with the company

Key factors in office relocation

Moving offices to new areas

SUE SHORTLAND

WHEN AN organisation considers relocating to another part of the country, a number of vital factors must be borne in mind.

The suitability of the new area and the physical processes and requirements of the move itself must be considered in depth.

But, an organisation's staff are indeed a valuable asset. Key staff from the old location will need encouragement if they are going to move with their company. And if it is considered that it is in the organisation's best interest for as many of the existing staff—junior as well as senior—to move with it as well, then they, too, will need to see the benefits of relocation.

Moving to a new area not only means that staff have to find somewhere new to live, but they also have to consider the prospects of new employment for the spouse and the schools for the children. No one likes being uprooted from an area where they have ties—family and friends.

In order to encourage employees to move, many companies draw up relocation packages to ease the financial burden. Organisations may offer a basic set of allowances for lower-graded staff but give more help to senior employees.

The scope of a relocation package can be very broad. It typically contains the following:

- House-hunting allowances—these generally include payments of or towards travelling expenses to and from the new location. They may also cover subsistence costs—such as hotel and meal costs—while the employee and spouse look at properties.

Allowances

House move allowances—these cover removal costs, insurance premiums for the cover of personal effects during the move plus any furniture storage charges.

- Disturbance allowances—these help to cover the cost of moving house and may take the form of a flat-rate payment or be paid as a percentage of salary. The cost of decorating the new property, the cleaning and refitting of carpets, the alteration or purchase of curtains, the cost of telephone installation and reconduction charges for gas and electricity may be covered in the disturbance allowance or may be paid as separate allowances.

- House sale/purchase allowance—the relocation package generally includes the reimbursement of legal fees, building society survey fees, estate agents' fees and may also cover land registry fee, stamp duty and architects' fees.

But despite all this financial assistance it is not as easy as it may appear to move house in line with the employer's timetable. An employee may be expected to start work at the new location on a certain date whether or not the old house has been sold. It does little for the employee's morale to commute on a weekly basis between home and the new place of work, staying in hotels during

the working week.

Employers may, therefore, offer bridging loans interest-free for a certain period. But if the employee has been unable to sell the old property at the end of this period, the employer is in an awkward position. If the employee's services are highly valued, it is not in the employer's interest to start clawing back the bridging loan at high interest rates—the employee may, at the worst, decide to stay put in the old location and leave the company or, at best, suffer reduced morale.

Alternative

An alternative is for the employing organisation to use the services of a professional relocation company. These specialists (the main ones include Bleak Horse Relocation, Homequity Relocation, Mann Countryside Relocation, Merrill Lynch Relocation and Simmons Relocation) offer guaranteed home-sale programmes.

Under these programmes, the relocation company buys the employee's old property at an appraised price. The employee receives the cash for the house and so is at the end of the housing chain when buying property in the new location.

This means that the process of selling the employee's old house is speeded up as the property now belongs to the relocation company which is then responsible for selling it as soon as possible. The employee receives the cash for the house and can move and settle down more quickly.

The organisation which engages the relocation company pays a management fee as well as incurring costs such as valuation and solicitor's fees—but this can work out cheaper than a lengthy bridging loan.

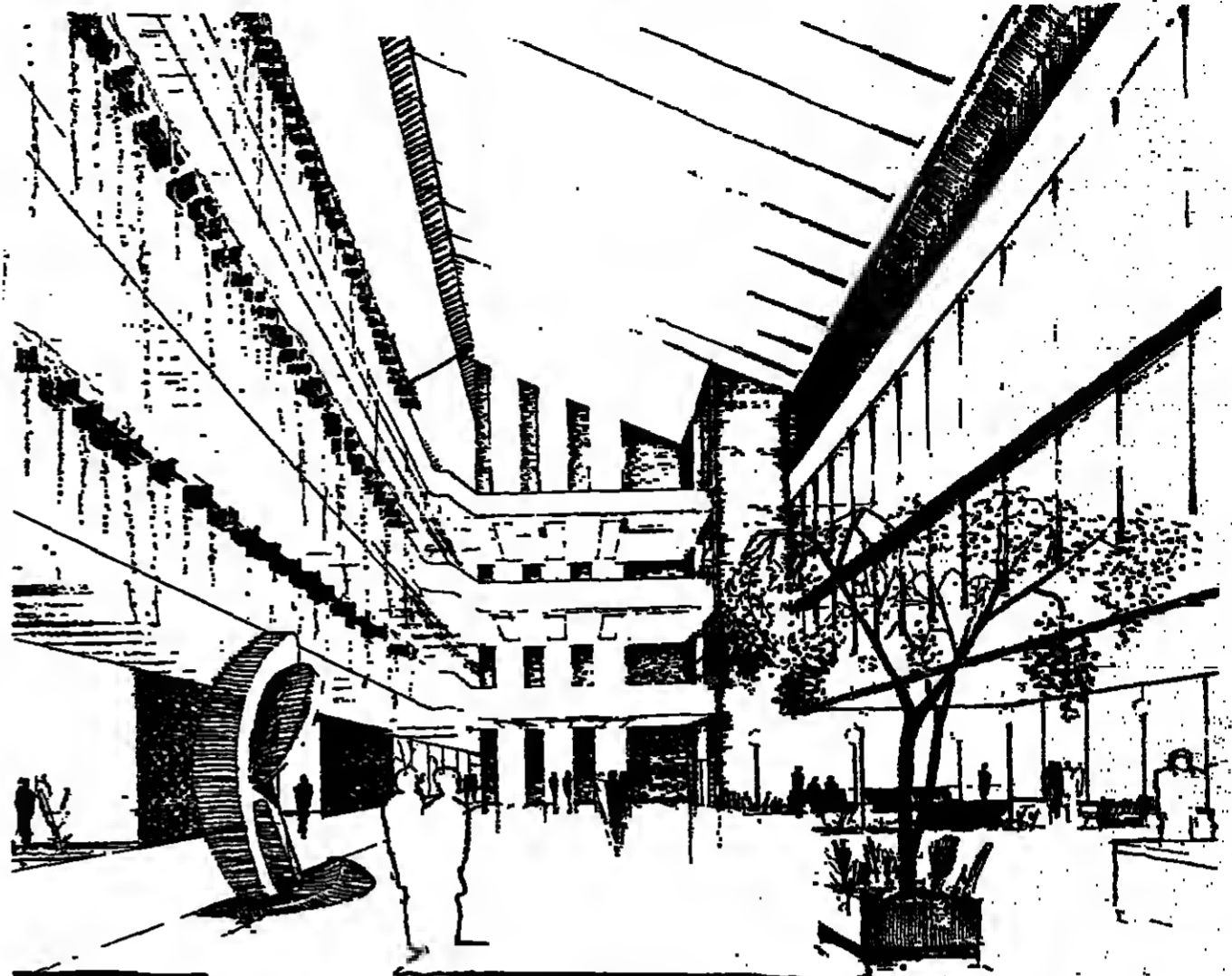
Problems can arise, however, when a company relocates from an area of low-priced housing to one where prices are significantly higher.

The relocated employee will need to raise extra money for a higher mortgage—and, indeed, may not wish to transfer with the company if prices are too high.

Some companies try to help employees (in general, key senior staff) in such circumstances. The assistance that may be offered is usually known as excess mortgage allowance. This allowance is commonly based on the difference between the employee's old and new mortgages and reduces each year for an agreed period (generally no longer than nine years).

The employer and the employee can share the cost of the excess mortgage. For example, the company may pay half the additional mortgage cost for the first couple of years after the move and the allowance is then reduced each year with the employee paying a larger share of the cost until, after, say, seven years, the employer's contribution is reduced to zero.

As companies decide to relocate in order to reap the benefits of more suitable locations, the issue of keeping valuable employees becomes a prime consideration. An attractive relocation package can make all the difference as to whether staff move with the firm or leave its employment.



Rank Xerox expects to have the highest concentration of electronic workstations at its £30m UK headquarters at Marlow. Above: the entrance area which will house a permanent exhibition of the company's products

Plan for 800 electronic workstations



Mr Derek Horaby, executive director, Rank Xerox, planning investment of £10,000 in machinery for each senior secretary

WHEN THE new £30m "international" headquarters of Rank Xerox opens in the UK in 1986, it is expected to have the highest concentration of electronic workstations in Europe.

The "showcase" complex is to be built at Marlow, in the heart of the Buckinghamshire countryside. The headquarters will cover nearly 1m sq ft and accommodate 850 people, most of whom will be moving from the company's present buildings in London's Easton Road and at Uxbridge and Aylesbury.

Ethernet

The new headquarters is intended to meet the company's needs well into the 21st century, says Mr Derek Horaby, executive director. Each of the 800 "knowledge workers" in the complex will

have a workstation, linked to the Xerox Ethernet cable. Ethernet enables office machines such as electronic typewriters, word processors and microcomputers to exchange information electronically and to link up to printers, electronic files and telecommunications services.

Mr Horaby says that the most powerful Xerox workstation, the 8010, which was originally designed for executives, will be provided for many of the company's senior secretaries, as well as managers.

"Just a few years ago the investment in machinery for a senior secretary was a few hundred pounds for a typewriter at Marlow it will be some £10,000 per person," he says.

The Xerox 8010 workstation will be used to create and amend documents; to build graphics from a set of basic

shapes; to receive information over Ethernet and to send information via Ethernet to be distributed, filed or printed; to act as a teletype for linking to Telex; and as a terminal to the mainframe computers, including access to artificial intelligence.

Worldwide

Satellite communications will link the Marlow headquarters with Xerox Corporation's headquarters in Stamford, Connecticut and to other Rank Xerox companies around the world.

The company's relocation to Marlow is expected to lead to cash savings of £2m a year as it will end duplication of central services, while also providing accommodation fitting for an operation at the forefront of changes in office technology.

MICHAEL WILTSHIRE

Innovation abounds in all sectors

CONTINUED FROM PAGE 1

"til tomorrow," comments an OED analyst. "Anyone who can make a copier that breaks down as seldom, for example, as a vacuum cleaner, must be on a winner."

The Japanese dominate the world's production of low and medium-volume copiers—even Xerox in the U.S. gets its low-volume copiers from the Japanese associate company.

Canon, the Japanese office copier manufacturer, has consolidated its position in the UK market. It had 21 per cent of the nearly 150,000-unit market last year—against 14 per cent for its nearest rival Rank Xerox, according to a survey by the magazine, "What To Buy For Business." The market share figures are estimates of numbers sold, rather than value.

In turnover terms, Rank Xerox leads, largely because of its strength in the big copier market, says the report.

- Office furniture: After several lean years, sales in this sector are rising fast as offices instal computer-related furniture systems. The storage needs for today's computer print-outs are different from the stationery of the past. So, too, is the furniture needed to support, house and protect technology.

Above all, office staff are becoming aware of the need for better surroundings, then many of Europe's 50m office workers are not going to be content with bare room furniture.

Research clearly shows that today's integrated furnishing systems help staff to achieve the best results from the computer equipment.

- Office stationery: The term "stationery" has now been expanded to include all types of computer supplies which, in turn, have given a substantial boost to the stationery and office "consumables" sector. While a piece of paper can survive in a dog-eared file, a floppy disk is much more delicate and needs careful handling. Its filing, classification and ease of access are all matters for concern.

The more that office stationery companies can help to deal with such problems, the better," says OED. In the case of the computer, the volume of paper and the sheer size of the individual sheets is a factor that the average filing system cannot handle.

As equipment-buyers soon discover, discounting is rife across many sectors of the office equipment industry. This is so in Britain that in the U.S., as profit margins are extremely tight in the UK.

End-users may wonder why the challenging opportunities in the industry produce so little in the way of profit many equipment manufacturers. The answer probably is that there are simply too many suppliers with too many pro-



Mr Richard Palmer, director general of the British Equipment Trade Association: the flourishing market reflects the revolution in office administration

ducts and not enough in the way of unique items.

Success has gone to those companies which have produced real innovations, that is Xerox and its copiers and IBM and the golf ball typewriter.

But the next generation is now due—and this does not only apply to expensive machines. The typewriter, for example, opened the door years ago for all sorts of products (ribbons, carbon paper and so on) but far greater opportunities now exist for new technology office products.

In Britain, BETA's new data research programme will enable the association to monitor the rapidly evolving business equipment industry and also comment authoritatively on the effects of these changes. The project will also add significantly to the marketing information provided to more than 200 member-companies which range from the major multinational equipment suppliers to TV and computers.

From the suppliers' viewpoint, Mr Louis Demetrio, general secretary of the UK's Office Machines and Equipment Federation (OMEF), speaks of the flood of new products that are coming on to the busy "but rather chaotic" market place. Discounting on manufacturers' "recommended" prices is a big problem, he agrees, "but everyone blames every-

one else."

The increase in new technology products means that Britain's main, established dealers, which number around 1,800, have to establish a close relationship with manufacturers while at the same time offer a lot of "hand-holding" for end-users of equipment.

This is in stark contrast to those areas of the trade which are merely "box-shifting" or what he terms "rapid-turnover" discount houses, offering very little after-sales back-up for customers.

As costs rise in the development of new computer equipment, and, in particular, software, BETA members are concerned with the question of intellectual property rights. A special committee was formed this summer to help clarify the position and raise the level of understanding between manufacturers, users and providers of software.

The BETA committee is also seeking amendments to the 1956 Copyright Act, which was drafted long before the age of modern copier, video recorders, cable TV and computers.

Office equipment machines once had a life-cycle of six to seven years on average, but 18 months is a long time these days. A special committee was formed this summer to help clarify the position and raise the level of understanding between manufacturers, users and providers of software.

With signs of micro mania sweeping through the office world, there is clearly growing commitment to modern business systems and a belief that it will make operations steadily more efficient and cost-effective.

Surveys in the UK show that the majority of companies—at least 70 per cent—review their business systems each year. Out of 255 separate companies surveyed by BETA more than half reported that they now make a major business equipment investment each year.

A significant proportion (37.8 per cent) of companies had delayed purchasing decisions as a result of the recession. However, 67.7 per cent of companies intended to increase expenditure on technology-led equipment over the next two years.

Clearly such trends are also bode well for the office equipment industry.

London Business Equipment Show, ExCel, London, October 23-26, 1984 (Details on 01-647 1001).

•• The National Business Equipment Survey, 71 Quickswood, London, NW3 3RT (tel. 01-586 0403).

• Office Equipment Digest, M&M Corporate Services, 88/90, Featherstone Street, London, EC1Y 8RN (tel. 01-251 6504).

•• Oasis report: Wharton Information Systems, Richmond on Thames (tel. 01-940 7366).

• Business Equipment Trends, Korn Ferry International, London, for BETA, 8, Southampton Place, London, WC1A 2EF.

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